

Mrs Thatcher orders security inquiry into pre-Budget leak

The Prime Minister has ordered a security inquiry into a pre-Budget leak in *The Sunday Times*. It is believed in highly authoritative quarters, our Political Editor writes, that the leak could have come only from junior Treasury ministers. The predictions were substantially accurate but did not

include the most market-sensitive action in the Budget—the Bank of England's new £1,000m issue of an index-linked gilt for pension funds. The Treasury is understood to have initiated the request for the inquiry. Most of the Cabinet learnt from the newspaper that the Budget was to be sterner than expected.

'The Sunday Times' is singled out

By Fred Emery
Political Editor

The Prime Minister is treating the pre-Budget exclusive report in *The Sunday Times* as a substantial leak, and she has initiated an official inquiry.

According to Whitehall sources, the inquiry team will question ministers as well as civil servants.

Mrs Margaret Thatcher confirmed yesterday in a written parliamentary answer to Mr Michael Meacher, Labour MP for Oldham, West, that the inquiry was in hand. He had put down a question asking if she would inquire into "the leaking of substantial details of the Budget to certain Sunday newspapers on 6th March".

The report in *The Sunday Times* is understood to be the main target; it was followed up in later editions of *The Observer*, and the next day by *The Times* and other newspapers which gave only partial confirmation.

From a report by Mr Peter Stothard of the *Sunday Times* business news section bore the headline "Howe's shock budget—the big squeeze gets £4 billion tighter". It split out almost all the revenue raising and other measures the Chancellor was to take, erring only on the side of slight leniency.

After it appeared it was said in highly authoritative quarters that something had been expected in the *Sunday Times* in those quarters it was believed the leak could have come only from junior Treasury ministers.

The Government insists the Budget is not "deflationary", but undoubtedly both *Sunday Times* and *Observer* were right: the Budget was new for the money markets.

No newspapers, however, in-



I wish I'd never found out the Budget details.

cluded what experts consider to be the most "market-sensitive" action in the Budget: the Bank of England's new £1,000m issue of an index-linked gilt for pension funds.

The *Sunday Times* report did not carry the EM3 targets on other monetary policy detail, nor the measures to relieve small businesses.

The report was right, however, about the £10 increase in vehicle excise duty, the lowering to the age of 50 of eligibility for grants, and the minimum leading rate cut of 2 percentage points, the last a common enough prediction.

The *Sunday Times* report had an otherwise all-embracing list of changes, including measures for the disabled, only slightly understating the increases in excise duties. For example, it predicted a 15p a gallon rise in the price of petrol, compared with the Budget's 20p rise.

It included the new tax on bank profits, the help for heavy

users of fuels and the prediction of a 2 per cent increase in the retail price index. Its main failure in prediction was in suggesting that income tax allowances would be increased by only one third, the rate of inflation. The Chancellor in fact offered no increase at all. In Whitehall yesterday, it was insisted that the Treasury had initiated the request for an inquiry and that the Prime Minister had readily agreed.

The notion was resisted by those sources that ministers had been involved in a pre-Budget leak, since so it was said, they would hardly have played down the effects of such surprises as the petrol price.

Against that, it is known that ministers like to "soften up" public opinion, making sure not to get the detail accurate so that afterwards the accusation of leaking cannot be sustained.

The difference with this year's Budget was that Mrs Thatcher and Sir Geoffrey Howe went to considerable lengths to keep the details secret. Most of their Cabinet colleagues got first wind from *The Sunday Times* that the policy was to be much sterner than they expected, and there was consternation.

Official advice is not to expect much by the way of a sequel. If the leaker turns out to be a minister sympathetic to Mrs Thatcher it can be presumed that the matter could be settled with a discreet apology.

The fact is that Mrs Thatcher has made so much of Cabinet leaks in the Budget aftermath that she had little choice but to institute an inquiry into the Budget reports.

There were even more comprehensive leaks of the Chancellor's measures last November and of his Budget last March, but no inquiries were set up.

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Tory rebel crosses to Social Democrats

By Michael Hatfield

In a dramatic moment of parliamentary theatre, Mr Christopher Brocklebank-Fowler, the Tory MP for North West, yesterday crossed the floor of the Commons chamber and joined the Social Democrats sitting on the Opposition front bench below the gangway.

His short walk, after announcing his resignation of the Conservative whip, was greeted by dumbfounded silence on the Tory backbenches until he reached Dr David Owen and his colleagues. Then they broke into the kind of laughter which could be a defence mechanism, or an involuntary release of the steam that has been building up inside the party since Sir Geoffrey Howe announced his Budget last week.

The Social Democrats beamed, extending Mr Brocklebank-Fowler handshakes and Mr Robert Maclean (Calness and Sutherland) offering his seat. The two have had a pairing arrangement for years.

Mr Brocklebank-Fowler, aged 46, told the Commons that the Government "has knocked the stuffing out of British industry" and that a constituent had written to him last week stating "What the hell is this Government trying to do?"

Although the Tories knew the defecting MP had formed his constituency association on Friday, that he would not stand as a Conservative candidate again, it began to dawn on them, as they listened to his criticisms, that something else was in the air.

He then announced that he was seeking to join the Council for Social Democracy and became the first Tory to cross the floor since Austin Taylor joined the Liberals in 1968.

Mr Brocklebank-Fowler has been disconcerted with government policy for some time and as he told a press conference last night, has had conversations with Mr David Steel, the Liberal leader in the past.

But it was the Budget that was the final straw, he said, and afterwards he had a private meeting with Dr David Owen.

He said he expected to fight the next general election as a

Social Democrat, possibly in his present constituency.

When asked why, having resigned the Conservatives, he would not stand at a by-election, Mr Brocklebank-Fowler replied: "I was elected on promises at the last general election. It is not me who is not keeping those promises, it is the Government."

Was he frightened to face a by-election? "I have no doubt if there were a by-election I could win it by a great and half. It would be a waste of time and money in these circumstances."

He had not considered joining the Liberals, because he felt the party had certain "policy hang-ups" and he did not agree in particular on their attitude to NATO as he understood it.

He thought an alliance with the Liberals was extremely important, and joining the Council for Social Democracy, which was made up entirely of Labour people, might be helpful.

While acknowledging some useful measures in the Budget, he criticised the Government for creating conditions "which have caused record levels of bankruptcy and put hundreds of thousands on the dole queues."

Mr Brocklebank-Fowler held his press conference alone in the Westminster conference room where two weeks ago the dissident Labour MPs announced their breakaway Social Democrat group.

Dr Owen said after the Commons that the defection was a welcome sign to the Social Democrats and a "good radical".

Mr Steel last night said he was delighted that a Liberal had joined the Social Democrats.

No statement was made by the Social Democrats, who were still in the process of forming a new party, but Mr Brocklebank-Fowler said he was "very pleased" to have joined the group.

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Syrians describe secret police reign of terror in Sunni city

From a Special Correspondent, Bonn

Despite assurances by the Syrian Government, the internal disturbances in Syria appear to be continuing, with assassinations by members of the outlawed Muslim Brotherhood and the Syrian Special Forces—a paramilitary security unit controlled by President Assad's brother Rifaat—and of house-to-house raids by police in which thousands of men had been imprisoned without trial.

One man described how the population of Hama had been subjected to massive police and paramilitary searches three times in the past nine months, and of how local doctors—accused of being in secret opposition to the regime—had been taken from their homes and murdered.

Accounts by residents of Hama who have just arrived in West Germany, however, suggest that terrorism and counter-terrorism are continuing in their city. The men and women who say that they fear for their lives of their identity in the closed, told of public whipping and beating by security police, of weekly assassinations by members of the Syrian Special Forces—a paramilitary security unit controlled by President Assad's brother Rifaat—and of house-to-house raids by police in which thousands of men had been imprisoned without trial.

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Howe's shock Budget—the big squeeze gets £4 billion tighter

Sunday Times, March 8: Very close to final Budget deflation of £4.2 billion.

Tory revolt on petrol cuts majority to 14

By Hugh Noyes

More than a dozen Conservative MPs abstained and several against the Government's petrol proposal to raise the price of petrol by 20p a gallon the Commons last night. The vote was 295 to 281—a majority of 14.

The first division, on a motion to enable the Finance Bill to be brought in, was won by 325 votes to 270, a government majority of 55.

In the new spirit of beer and the Government had lost 224 to 253 in each case. On a second vote the government majority was 100; the voting 328 to 229.

Mr Geoffrey Howe, the Chancellor of the Exchequer, said out of the 14 dissenting votes, 10 were from Tory MPs. He said the dissenting votes were "a small group of dissenting voices".

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Industrial output hits lowest level for nine years

Industrial output fell by 1.2 per cent in January to its lowest level for nine years. For the three months to the end of January, output was 11 per cent lower than in the same period a year ago. Manufacturing industry has suffered a greater slump with output falling by 15 per cent since the start of the year. The second gloom deepened with the publication of the retail sales figures, where the provisional index for February fell by 1.8 per cent from January's high figure.

£314m trade surplus

Britain's trade surplus in February slipped to £314m, less than half the unusually high surplus of £722m recorded in January. The sharp rise in imports and a substantial fall in exports was the main reason for the decline.

Water men accept offer

A majority of the 32,000 manual workers in the water and sewerage industry have voted in favour of accepting the 13 per cent pay package. However, according to a union official, the majority was very slim.

Civil Service union move

The Civil Service unions called more workers out on strike and asked other unions for help in blocking the Government's contingency plans over income tax payments. Channel ports are to be disrupted and passengers may be affected.

Land grab angers West Bank Arabs

Arabs on the West Bank have reacted angrily to the latest Israeli attempt to build settlements before the June general election. Two days after the Israeli announcement, the West Bank Council of Arab Municipalities issued a statement condemning the move.

Nuclear ban backed

Fifty-nine local authorities have supported a resolution from Manchester City Council calling for the Government to "refrain from the manufacture or possession of any nuclear weapons".

'Observer' deal plea

Lorrie has applied to the Government for permission to take over the *Observer*. Mr John Birt, Secretary of State for Trade, has given permission to take over the *Observer*. Mr John Birt, Secretary of State for Trade, has given permission to take over the *Observer*.

Land grab angers West Bank Arabs

Civil servants call out more groups on strike

By David Felton
Labour Staff

The Civil Service unions yesterday stepped up the pressure on the Government by calling out on strike several more groups of workers. More than 1,000 at the two main pay-as-you-earn tax computer centres were already on strike.

Union leaders also asked other unions to ensure that the effects of the indefinite strike by tax computer staff at Shipley, near Bradford, and Cumberland, near Glasgow, were not reduced by the Inland Revenue's contingency measures.

The executive of the Banking, Insurance and Finance Union, meeting in London today, will consider a request from the Civil Service unions for its members to "black" any attempt by employers to pay income tax through the clearing banks for transmission to a special Inland Revenue account.

Inland Revenue management have also been told that its attempts to persuade employers to pay tax through the clearing banks would also be blocked by union members at the bank.

The unions are also looking for ways of making the strike by 250 computer staff at value-added tax headquarters in Southampton more effective. It is understood that the Customs and Excise Department has found a method of processing large VAT payments without passing them through the computer centre.

The department is thought to have devised a system under which large payments are sent

by employers in envelopes containing a special post code which means they are routed to another establishment for processing.

The centre is responsible for a net contribution of VAT receipts to the Exchequer of about £350m a week. It is thought that at least £100m was transferred to the Government last week despite the strike.

The unions said last night that the action at the PAYE computer centres, which to collect income tax payments and national insurance contributions of more than £600m a week, was completely successful.

The tax year is coming to its close and payments by employers are heavier than usual.

The action announced yesterday will be in customs areas at Channel ports, aimed at disrupting freight cargoes between France and the United Kingdom.

Customs workers in Dover went on a one-day strike yesterday in one of the cargo sheds and that port will suffer disruption for the week by the "industrial action," as will 10 other Channel ports.

Some passengers may be affected and the unions reported last night that ferries were leaving Weymouth for the Channel Islands without passengers clearing customs.

Union officials meeting yesterday to coordinate action in the ports and airports drew up plans for further disruption of airports. Details will be announced later this week.

Key staff in Companies House, Cardiff, have joined their colleagues in London on strike and the unions said their action would halt about 55,000 company searches a week.

Workers at several defence establishments joined other workers at naval dockyards and computer centres on strike. Union leaders believe their action will affect operations at the Faslane Polaris submarine base.

Contingency plan: More than 30,000 employees were due to receive guidance yesterday from the Board of Inland Revenue on how to make their monthly PAYE and national insurance payments (Peter Hennessy writes).

They are urged to complete their normal pay slips and to hand them in at their clearing bank or through the Post Office Giro rather than remitting them to a local tax office.

Each of the employers normally makes a PAYE and national insurance return of more than £10,000 a month. Their March payments are due on Thursday.

The Inland Revenue normally collects £2,000m from PAYE and £1,000m from national insurance each month. Officials have no idea how much money their scheme will attract.

Union sources believe that many employers will be only too ready to delay payment in a period of recession, with cash-flow difficulties affecting many companies.

The plan to use the clearing banks and the Post Office was one of several contingency measures prepared by the Government Economy (Official Civil Service) Cabinet Committee as a way of mitigating the effects of selective strikes designed to raise the public sector borrowing requirements.

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Letters, page 13

Strike threat by building workers over pay freeze

By Donald MacIntyre
Labour Reporter

Leaders of 700,000 construction workers last night threatened industrial action if employers stand by their demand for a four-month wage freeze followed by a 5.75 per cent increase in minimum earnings.

Negotiators for the two biggest unions in the building and civil engineering industries reacted sharply to the proposals when pay talks opened yesterday.

Together with the pay increase, employees would see their working week reduced from 40 to 37 hours from November 2. Minimum rates would go from £80.40 a week to £85.02 for craftsmen, and from £68.60 to £72.54 for labourers.

The executive of the Union of Construction Allied Trades and Technicians is expected to reject the offer today on the grounds both of the level of increase and the four-month postponement from the annual settlement date, June 30.

Mr Leslie Wood, the union's general secretary, said that the offer was "a complete failure." Indeed, if they were pushed into this situation I am convinced that my members would take industrial action over this kind of offer.

But they would be seeking detailed talks on the whole of the 10-page response handed to union leaders by the employers.

Union leaders evidently hope for an improved offer when talks are resumed on April 9. There are doubts about the willingness of building workers to take industrial action in a climate in which unemployment in the industry is estimated this month to be above 300,000.

However, Mr George Henderson, national construction officer of the Transport and General Workers' Union, said last night that some members had already passed resolutions "saying, as they are going to be no the day anyway, we should make a fight of it now."

Calls had been received from all the union's 11 regions for selective strikes if the employers failed to show a "transigent attitude".

Water workers agree to 13% settlement

By David Felton
Labour Reporter

Leaders of the four unions representing 32,000 manual workers in the water and sewerage industry announced last night that they have agreed to a 13 per cent settlement.

The decision means that a five-month-long set of negotiations that at one stage went to the brink of a national strike has ended.

The majority in favour of acceptance of the offer, according to a union official last night, was very slim. The employees will be told the figures over the next few days.

In some areas of the country there was strong opposition to the pay offer, which improves basic rates by just over 10 per cent, and it is possible that some of the more militant workers will take unofficial action in protest at the decision.

The union consultations were based mainly on regional delegate conferences.

The results showed a majority of the conference votes to reject the offer, but union leaders, in an attempt to reach a consensus of their members' views, based their decision last night on a count of all the members covered by the conferences.

The unions' leaderships had made clear that an overall vote to reject the offer, which comes close to matching the settlement offered by the miners, would have been a vote for a national strike.

Other groups of workers, particularly in the gas and electricity industries, will expect to reach similar agreements.

Paedophile case diplomat would have faced purge

By a Staff Reporter

Since 1948 Whitehall has operated what is officially known as a "purge procedure" designed to detect men and women in sensitive government posts who may harbour pro-communist or pro-fascist sympathies. It also covers those who may be vulnerable to blackmail by a foreign intelligence service because of character defects, including sexual deviance.

In the wake of the Burgess and Maclean affair, the Eden Government admitted in 1956 that it had been Whitehall's practice for some time to regard such defects as reason to debar a person from security-sensitive appointments.

The system was supervised by the Treasury (since 1968 by the Civil Service Department) with fieldwork being undertaken by investigating officers attached to the Ministry of Supply (now the Procurement Executive) of the Ministry of Defence, through the Foreign Office, though the Foreign Office has now vested its own people separately.

In some cases, if an official admitted to his establishment officer, or in the case of the Foreign Office, to the chief clerk, that he had, say, homo-

sexual leanings, he could be regarded as having made himself less vulnerable to blackmail by "coming clean", and allowing his name to be cleared. But Whitehall sources made clear yesterday that paedophilia, even if admitted, would be treated as a character defect of such magnitude that the official would almost certainly be asked to resign, or at least be transferred to non-sensitive work.

The diplomat concerned in the present case had been in government service for some years by 1948. Shortly afterwards he was transferred to a particularly sensitive post in the defence community. Though it took some years for the Treasury and the Ministry of Supply to catch up on all those who needed to be investigated on the basis of the 1948 procedure, he would almost certainly have been examined as a matter of priority in the late 1940s.

Either he had yet to develop his tendencies or chose not to confess to them. Thereafter he would have been screened at five-yearly intervals.

Since 1948, 25 civil servants have been dismissed for security reasons, 25 resigned, 88 were transferred to non-sensitive work, and 33 were reinstated.

Financial burden unacceptable, 14 companies say Welsh channel worries ITV chiefs

From Tim Jones
Cardiff

The future of the Welsh language fourth television channel will be brought into question tomorrow, when Mr William Whitelaw, the Home Secretary, will be asked to explain how the service, due to start next year, will be financed.

Mr Whitelaw, who is to appear before the Parliamentary Select Committee on Welsh Affairs, has already been given a report of written evidence which shows that 14 of Britain's 15 independent companies are unhappy at the prospect of financing the minority channel.

In its evidence the Independent Television Companies Association states: "The Welsh fourth channel is wholly different in concept and is incompatible with commercial broadcasting."

To establish a separate television channel for such a tiny minority, nine tenths of whom are already offered an intelligible alternative of the excellent services available to the rest of the United Kingdom population, can be justified neither in terms of good broadcasting nor on those of sound commercial practice.

The association document adds that the £15m the companies will be expected to find to fund the new service will be "an unacceptable further burden on an industry which will be fighting off substantial losses in the near future."

The authors of the document are acutely aware that the fourth channel concession was wrested from the Government only after a campaign by Welsh language activists.

The Government had previously decided to disregard a manifesto promise to establish the channel but changed its mind last September when faced with growing anger and the emotion surrounding the threat by Mr Gwynfor Evans, president of Plaid Cymru, to fast until death.

The associations document notes that there are ethnic minorities in other parts of the United Kingdom. "It would be highly damaging to them to be seen to be paying a subscription designed specifically to alleviate the problems in Wales."

Members of the Welsh select committee have been told by a senior Home Office official that if the companies cannot find the money for the channel

the Government is not empowered to give financial aid. It is planned to start broadcasting 22 hours a week of Welsh language programmes on the fourth channel in Wales from September 1982. Estimates for the cost of the service, which could attract a peak viewing figure of 70,000, go as high as £35m a year. It is not expected to attract Welsh-language advertising. The cost would be roughly shared between the independent companies and the BBC.

Only one independent television company, HTV, which serves Wales and the west, is excluded from the association's report. Mr Ronald Wordley, managing director of HTV, said the company is "morally and financially committed to the success of the fourth channel in Wales."

According to the Independent Television Companies Association the Welsh language channel can only be justified "if it is seen as a social service judged by standards which are remote from those of the rest of British broadcasting and wholly removed from the natural responsibilities of the public broadcasters."

Asked if he would allow Mr Stothard to be questioned by the police should they be called in, Mr Giles replied: "I do not see any obligation to do so. I shall deal with that when it arises."

Whitehall makes a particular point of budgetary information. One senior man said: "A budget secretary is a terrible thing. It is like Holy Communion. There is nothing higher."

Civil servants were at pains last night to differentiate between briefing given to selected lobby correspondents by the Prime Minister in January and the material gleaned by



Mr Christopher Brocklebank-Fowler, the former Conservative MP for Norfolk, North-west, who yesterday joined the Council for Social Democracy.

New party 'is likely to be formed this month'

The social democratic party will probably be formed before the end of this month, Mr Roy Jenkins said last night. He added that he would stand as a candidate for it in a suitable by-election in the course of the present Parliament.

Asked in an independent television interview in the Midlands about the formation of the new party, he said: "I have not a firm date to announce, but it will not be very long to wait. It will probably be before the end of this month."

The Social Democrats would not intervene as a council or a party in the May council elections.

But if the Social Democrats who are standing in the May elections want to stand in any constituency, then very good. We shall, however, be contesting local and by-elections thereafter and no doubt in the course of this year.

"I certainly think it is right that I should offer myself, if people want me to stand in any constituency, as a possible candidate at a by-election in the course of this Parliament."

The former deputy leader of the Labour Party was extremely optimistic about the future of the social democrats.

He did not underestimate the response we have had. I believe there is a greater sense of flux and opportunity in British politics than for 60 years.

On differences between the social democrats and Liberals, Mr Jenkins said: "I have no particular reason to seek differences with the Liberals because we intend to work in very close alliance with them, but as two parties, two rivers flowing together in the same direction."

"We can be stronger flowing as two separate strands at present. The Liberal Party has worked well in the past but it has not struck this chord of response in the imagination of the people that we have."

"I think that in alliance with the Liberals on broad areas of policy we could command a majority in the next Parliament."

Mr Jenkins was speaking to John Edwards on Left, Right and Centre, ATV's political programme for the Midlands.

The Council for Social Democracy has received more than 25,000 in donations from the public in response to its advertisement in The Guardian on February 5 and to other press coverage.

Mr Alec McGiven, secretary of the council, said yesterday that about 25,000 in donations from all over the country. Letters are still arriving at the rate of about 300 a day and each post brings about 11,000 in donations.

Officers of help from the public are now being sorted into regions and constituencies.

Bishops tell minister of Ulster unease

From Christopher Thomas
Belfast

Four Church of Ireland bishops yesterday took the unusual step of telling Mr Humphrey Atkins, Secretary of State for Northern Ireland, that Ulster Protestants were "uneasy" about the meeting between Mrs Margaret Thatcher and Mr Charles Haughey, Prime Minister of the Irish Republic, in Dublin three months ago.

In a 90-minute meeting at Stormont, they also talked about economic, industrial and security matters. One of the bishops, Dr Arthur Butler, said afterwards that since the summit "there has been a feeling of unease in the country." That had been greatly accentuated by the activities of the Rev Ian Paisley.

Mr Atkins also met a deputation later from the non-sectarian Alliance Party, and faced fresh demands to prosecute the Ulster Defence Association, the biggest paramilitary force in the province. Mr Oliver Napier, the party leader, said Mr Atkins had indicated that at present he would not ban the UDA.

Mr Napier said: "There is no doubt a situation where an organization whose members have committed thousands of terrorist offences, including many murders, is not proscribed, while many others are."

The Government has consistently refused to ban the UDA, partly because it is regarded as too big to be effectively proscribed. The organization claims 10,000 members.

Shooting inquiry: A joint Army-police inquiry was going on yesterday into a shooting on Sunday in which a soldier aged 20, died (the Press Association reports).

He was Private Patrick McLean, a bachelor, of West Lothian, Scotland. He was serving with the 1st Battalion, The Royal Scots, based at Ballykinnear, near Dundrum, co Armagh.

M15 inquiry on Budget leak to 'Sunday Times'

By Peter Hennessy

The Security Service M15, has been asked to provide a team of investigators to help Treasury officials in the conduct of a formal inquiry into disclosure by The Sunday Times on March 8 of items contained in the Chancellor of the Exchequer's Budget statement two days later.

The leak is regarded as particularly grave by senior men in Whitehall as it involved information which, if believed and acted on, could have enabled individuals to gain financially.

Whitehall authorities are clearly convinced that Mr Peter Stothard, author of the news report, had gained access to the small exclusive club of ministers and officials who were privy to the outline of the Budget statement in the week before its delivery.

Mr Stothard declined last night to talk about his "scoop" or how he obtained it. Mr Frank Giles, Editor of The Sunday Times, said: "I do not know how Mr Stothard got the story. I do not know his source. But I do know it is remarkably accurate."

Asked if he would allow Mr Stothard to be questioned by the police should they be called in, Mr Giles replied: "I do not see any obligation to do so. I shall deal with that when it arises."

Whitehall makes a particular point of budgetary information. One senior man said: "A budget secretary is a terrible thing. It is like Holy Communion. There is nothing higher."

Civil servants were at pains last night to differentiate between briefing given to selected lobby correspondents by the Prime Minister in January and the material gleaned by

Mr Stothard. At a meeting on January 10, Mrs Margaret Thatcher told the political editors of The Times, Financial Times, The Guardian and The Daily Telegraph that the Budget would not involve changes in the standard rate of income tax.

The argument last night in official circles was that the Prime Minister can authorize herself to disclose what she likes and to whom she chooses. The sources of Mr Stothard's article were not so authorized.

Under paragraph 9,904 of "Extracode," the Civil Service "bible" of "do's and don'ts," Crown servants are forbidden to disclose any information whether classified or not, without official authorization unless it is in the public domain.

Whitehall leak inquiries in the past, according to insiders, have generally proved to be elaborate, but vain, exercises in finding the culprit or sufficient evidence to prove the offence if a particular individual fell under heavy suspicion.

M15 men, working alongside the establishment officer of the department concerned, start circulating a questionnaire to all ministers and officials who had access to the material disclosed.

They are asked to name the journalists with whom they lunched or talked in the period before the leak. They are also asked if they divulged information concerned.

Those judged to merit further attention are interviewed personally, often several times, and a short list of possible leaks is drawn up and, in most cases, the operation ends in frustration at that point, after a period of months and when the hunt has died down.

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Concern over government delay on data protection

By a Staff Reporter

Mr William Whitelaw, the Home Secretary, is expected to announce within the next 10 days that the Government is committed in principle to measures to protect citizens against the misuse of data stored on computers.

The long-awaited statement will receive a mixed reaction from the computer industry and computer users, the medical profession and civil liberties activists who have been pressing for many months for legislation and believed the Government had already passed the "in principle" stage.

It will be seen by many further delaying tactic by Government, which has so shown itself to be unwilling to bring in data protection legislation proposed by the Li committee in 1978.

Mr Robert Kilroy-Laurence MP for Ormskirk, yesterday that Mr Tim Raison, Minister of State at Home Office, had indicated a decision on the principle of protection was as before Britain could sign Council of Europe convention. "I am absolutely app that we are still talking an issue of principle."

Student loan scheme plans abandoned

By Diana Geddes
Education Correspondent

Government proposals for a student loan scheme have been abandoned because of the high cost involved in the short term.

Mr Mark Carlisle, Secretary of State for Education and Science, believes that while there is much to be said for introducing a loan scheme in Britain to supplement student grants, and while the experience of other countries such as Sweden and the United States has shown such schemes to be feasible, the costs involved make any such scheme a political non-starter, particularly in the present economic climate.

Both Mr Carlisle and Mr Rhodes Boyson, Under-Secretary of State for Education and Science, who has pursued the idea with vigour for almost a year, believe that such a scheme must be used in the first instance to abolish the contribution which parents above a certain income level are supposed to pay towards their child's student grant, but which many do not pay.

The estimated cost of abolishing the parental contribution is £300m. That would also be the cost to the Government in the early years of introducing a loan scheme to replace the contribution. Repayment of loans would probably not begin until a couple of years after a student graduated.

Mr Carlisle will submit a paper to a Cabinet subcommittee, probably some time next month, proposing in only a half-hearted way a loan scheme similar to the Swedish one, involving a basic grant, which would be topped up with an optional loan repayable when the graduate had reached a certain income level.

Graduates would be exempted from repayment if they failed to reach that level because of unemployment, marriage, sickness, or because their job was poor paid.

While pointing out the attractions of such a scheme, Mr Carlisle will also make clear in his paper that it could not be introduced unless his Cabinet colleagues agreed to disperse with the parental contribution of hundreds of millions more if the scheme was extended to cover those students now eligible only for discretionary awards.

Print union chief attacks 'Times' report of merger

By Our Labour Staff

Mr John Jackson, general secretary of the Society of Lithographic Artists, Designers, Engravers and Process Workers (Slade) attacked The Times last night for a report in yesterday's issue about proposals for a merger between his union and the National Graphical Association (NGA).

A sentence in the report suggested that the proposals would in effect mean that Slade would be taken over by the NGA.

Mr Jackson said that under the proposals Slade "will play an active part in the new union at chapel, branch and national level, as will indeed the existing officials."

The Times report was damaging to a move "which everyone in the printing industry with serious concern about its future has been helping and encouraging over the past two years."

Mr Leslie Dixon, president of the NGA, said last night that under the proposal Slade would be an integral part of the new union.

Jersey wedding coin
Jersey is to issue a £2 crown coin to mark the marriage of the Prince of Wales and Lady Diana Spencer on July 29.

Three guilty of helicopter plot to free prisoner

By Stewart Tandler
Crime Reporter

Three men were convicted of the Central Criminal Court yesterday over a plan to free a prisoner from Brixton prison, in London, using a hijacked helicopter.

The jury failed to reach a verdict on a fourth man after deliberating for most of the day, and Mr Justice Pann ordered a retrial. The wife of the prisoner, one of the men convicted yesterday, was acquitted of taking part in the conspiracy.

During the past two weeks the jury had been told of a plan to release Brian Keenan, aged 39, from the prison in the autumn of 1979. He smuggled out a detailed diagram, including the exercise yard from

BL man admits theft

By Our Labour Staff

A BL shop steward yesterday admitted being involved in a car parts smuggling ring. Brian Harris, aged 41, of Leasowe Road, Rubery, Birmingham, changed his pleas from not guilty to admitting theft of a car and conspiracy to steal and handle parts.

The prosecution at Birmingham Crown Court claimed he was the leader of an organization at Longbridge that stole more than £37,000 of parts. Three other men deny conspiracy charges. Joseph Keogh, aged 23, of Bolney Road, Quinton, had admitted conspiring to handle car parts. He and Mr Harris will be sentenced after the trial of the other three. The trial continues today.

Today

Sun rises: 6.11 am
Sun sets: 6.08 pm
Moon rises: 5.07 am
Moon sets: 2.42 pm
Full moon: March 20.
Lighting up: 6.38 pm to 3.38 am.
High water: London Bridge 11.43 am, 6.66 pm, Avonmouth 5.03 am, 11.31 pm, 5.28 pm, 11.58 pm, Dover 9.12 am, 5.71 pm, 9.29 pm, 5.9m.
Hull 4.12 am, 6.44 pm, 4.30 pm, 6.6m, Liverpool 9.15 am, 6.2m, 9.43 pm, 8.3m.
1ft=0.3048m 1m=3.2808ft

A rather cold N airstream will give way as a deepening depression moves towards NW Scotland. London, SE, Central S England, East Angles, Midlands, Channel Islands: Sunny intervals, occasional showers, heavy and windy in places: wind N, moderate; backing W: max temp 6° to 8° (43° to 46°F).

SW England, S Wales: Bright or sunny intervals, scattered showers, rain or sleet in evening: wind N, moderate; backing W: max temp 6° to 8° (43° to 46°F).

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WEATHER REPORTS YESTERDAY MIDDAY: c, cloud; f, fair; r, rain; s, sun; sn, snow.

Alps: 20-40 C, Cologne: 8-15 C, London: 10-15 C, Paris: 10-15 C, Rome: 10-15 C, Vienna: 10-15 C, Zurich: 10-15 C, Berlin: 10-15 C, Frankfurt: 10-15 C, Hamburg: 10-15 C, Munich: 10-15 C, Amsterdam: 10-15 C, Brussels: 10-15 C, Luxembourg: 10-15 C, Strasbourg: 10-15 C, Nancy: 10-15 C, Metz: 10-15 C, Cologne: 10-15 C, Bonn: 10-15 C, Dortmund: 10-15 C, Essen: 10-15 C, Düsseldorf: 10-15 C, Frankfurt: 10-15 C, Leipzig: 10-15 C, Halle: 10-15 C, Magdeburg: 10-15 C, Berlin: 10-15 C, Potsdam: 10-15 C, Schwerin: 10-15 C, Rostock: 10-15 C, Lübeck: 10-15 C, Hamburg: 10-15 C, Bremen: 10-15 C, Münster: 10-15 C, Osnabrück: 10-15 C, Groningen: 10-15 C, Eindhoven: 10-15 C, Rotterdam: 10-15 C, The Hague: 10-15 C, Amsterdam: 10-15 C, Brussels: 10-15 C, Luxembourg: 10-15 C, Strasbourg: 10-15 C, Nancy: 10-15 C, Metz: 10-15 C, Cologne: 10-15 C, Bonn: 10-15 C, Dortmund: 10-15 C, Essen: 10-15 C, Düsseldorf: 10-15 C, Frankfurt: 10-15 C, Leipzig: 10-15 C, Halle: 10-15 C, Magdeburg: 10-15 C, Berlin: 10-15 C, Potsdam: 10-15 C, Schwerin: 10-15 C, Rostock: 10-15 C, Lübeck: 10-15 C, Hamburg: 10-15 C, Bremen: 10-15 C, Münster: 10-15 C, Osnabrück: 10-15 C, Groningen: 10-15 C, Eindhoven: 10-15 C, Rotterdam: 10-15 C, The Hague: 10-15 C, Amsterdam: 10-15 C, Brussels: 10-15 C, Luxembourg: 10-15 C, Strasbourg: 10-15 C, Nancy: 10-15 C, Metz: 10-15 C, Cologne: 10-15 C, Bonn: 10-15 C, Dortmund: 10-15 C, Essen: 10-15 C, Düsseldorf: 10-15 C, Frankfurt: 10-15 C, Leipzig: 10-15 C, Halle: 10-15 C, Magdeburg: 10-15 C, Berlin: 10-15 C, Potsdam: 10-15 C, Schwerin: 10-15 C, Rostock:

Pressure mounts for monopoly inquiry into 'Observer' deal

By Dan van der Vat
Lorho wrote to the Government yesterday asking permission to take over Britain's oldest Sunday newspaper, *The Observer*, as required by section 58 of the Fair Trading Act, 1973.

The application was addressed to Mr John Biffen, Secretary of State for Trade, who also yesterday received Mr Robert Anderson, chairman of the American oil company, Atlantic Richfield, the present owners of the paper, for talks about the proposed deal.

Confirming last night that the meeting had taken place and the application documents had arrived, the department said that Mr Biffen could be expected to make a statement soon. Interest is focused on whether he will refer the proposed takeover to the new-entrant panel of the Monopolies and Mergers Commission.

The takeover cannot take place legally without Mr Biffen's written permission. The law requires him to refer it to the commission because the circulation of *The Observer* exceeds 500,000 copies a week. He may waive a referral only if he is satisfied that the paper is "not economic as a going concern" and "if the newspaper is to continue as a separate newspaper, the case is one of urgency". Both conditions must apply to justify a waiver.

The *Observer* is known to be losing money, which leaves the question of urgency. Mr Biffen waived a referral of the recent takeover of Times Newspapers by Mr Rupert Murdoch because the papers were losing money and the Thomson Organization had said it would close them this month unless they were sold by then.

Lorho, headed by Mr Roland "Tinu" Rowland, is opposed to calling in the commission, which would take up to three months to prepare a report.

Mr Paul Spicer, a Lorho director, said yesterday: "The delay would be damaging to the paper itself, and I do not suppose either party [buyer or seller] is prepared to put up with a reference if it is not required by the law."

Lorho believes a reference is unnecessary. Atlantic Richfield is understood to be anxious to conclude the deal as soon as possible.

Last month's unexpected agreement between Mr Anderson and Mr Rowland was not preceded by any public threat to close the paper. Its journal, which is still demanding a reference to the commission and have received the public support of such figures as Dr Conor Cruise O'Brien, the outgoing editor-in-chief, and David Asor, the former editor, who is still a director of *The Observer*.

Planning powers are passed to inspectors

By John Young
Planning Reporter

The Government is to divest itself of responsibility for adjudicating on all but a small number of planning appeals, it was announced yesterday.

Regulations will be laid before Parliament, probably in June, transferring further powers to Government-appointed inspectors, from whose decisions the only appeal will be to the High Court.

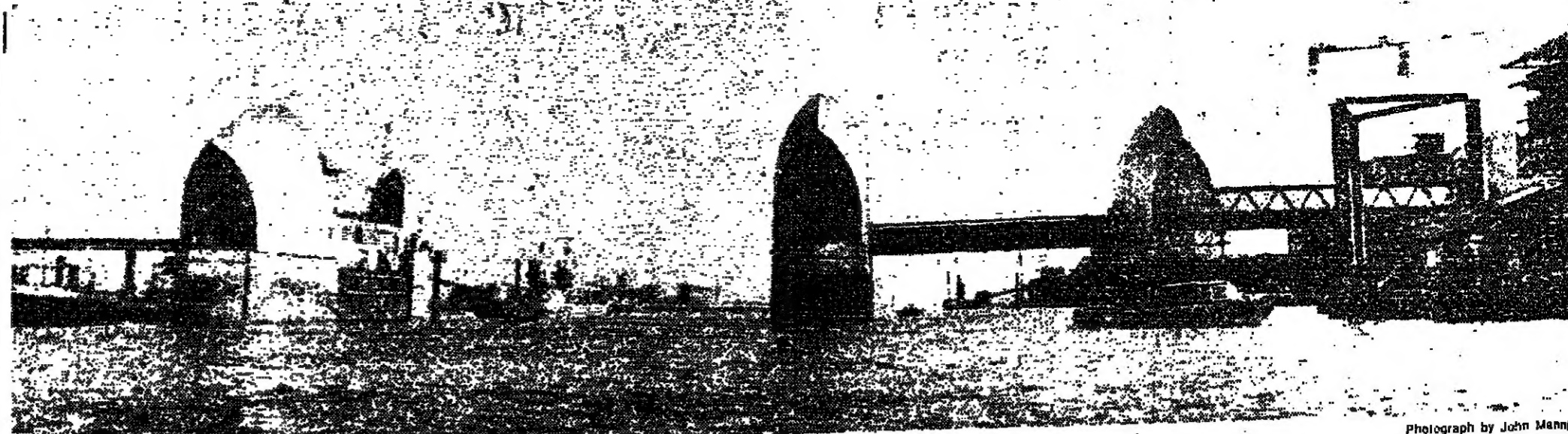
However, Mr Michael Heseltine, Secretary of State for the Environment, will retain the right to make the final decision in cases of national significance or where there is a possibility of inter-departmental conflict, or where the sites or issues in dispute are considered to be of more than local interest.

Examples would certainly include the applications by the British Airways Authority to develop Stansted, by the National Coal Board to mine in the Vale of Belvoir, and by the Atomic Energy Authority to

make test drillings for the possible disposal of nuclear waste. They would probably also include large road schemes, which are the joint responsibility of the departments of environment and transport, and projects involving "sensitive" sites, such as the banks of the Thames in London, or where changes are proposed to outstanding buildings or landscapes.

At present between 1,500 and 2,000 appeals a year, approaching 15 per cent of last year's total, are decided by the Secretary of State. By adopting "a more discriminating approach" ministers hope to reduce the proportion to no more than 5 per cent.

Yesterday Mr Giles Shaw, Parliamentary Under-Secretary at the Department of the Environment, said that the campaign was already showing considerable results, and that the number of appeal decisions issued in the last six months of last year was 70 per cent higher than in the same period in 1979.



The Thames flood barrier under construction at Woolwich, showing three of the nine piers with their steel-clad timber roofs in position.

Whitehall brief: Industrial action by civil servants poses some sensitive defence questions Spectre of a 'fifth column' in unions that could sink Britain

By Peter Hennessy

A spate of newspaper reports last week on the disruption caused to signals intelligence stations and defence establishments by striking civil servants has raised once more the spectre of a "fifth column" in the British public that is particularly sensitive to the threat posed to the country by the Warsaw Pact.

The questions such people ask include: does a pro-Soviet "fifth column" exist in the British trade union movement, and is it prepared, in a period of international tension, to sabotage airfields and other key installations, thereby destroying "Nato's unsinkable aircraft carrier" as the United Kingdom is sometimes called, and could it give the Russians victory on a plateau?

From a variety of sources in the British and American defence communities and the British trade unions, the answer to the second half of the question seems to be a firm "no", although the KGB resident in the Soviet Embassy in Kensington was not asked for his opinion. Whether such a potential "fifth column" exists at all is difficult for anyone outside M15 and the Soviet secret service to determine.

Such is the sensitivity of the subject in general, that nobody was prepared at the end of last week to talk about the subject "on-the-record". But a senior union official, with long experience of representing civil servants in defence establishments, said: "Clearly, if there is a period of international tension that is likely to result in an emergency, and lead to mobilisation, there is no question that the Sea King helicopter, the most loyal workers. There would be every support from the Civil Service in the event of war."

Asked if there were pro-Russian calls inside the Civil Service, he replied: "None at all. That is totally ridiculous. If you do not think that is a fair answer, there are bound to be a number of 'nutcases' that have

to be locked up as in the last war, but they are not exclusive to the trade union movement."

Since the onset of the cold war, as sections of the Government War Book now available at the Public Record Office show, Whitehall has maintained detailed plans for "special security measures" inside the United Kingdom in any build-up to a future war with the Soviet block, including censorship and precautions against subversive actions and propaganda.

The war book is regularly revised under the supervision of a secret Cabinet Office Committee, chaired by Sir Robert Armstrong, Secretary of the Cabinet. Routine "tactical evaluations" in which senior officers descend without warning on military bases and airfields to announce, "You are now at war", normally involve, as part of their simulation of the real thing, a "fifth column" element.

Such "subversives" try to

penetrate perimeter fences for the purposes of sabotage. In the past, they have actually had the words "trade unionist" inscribed on the back of their donkey jackets, a practice halted when some sensitive soul in the Ministry of Defence decided it was less than tactful.

The Public Record Office files disclose another practice that is still standard today whereby members of M15 are involved in the deliberations of the Government's planning organization for the handling of industrial emergencies, the Civil Contingencies Unit, if it is felt that the unions concerned have a strong voice in the influence of their membership.

For all such "doomsday" ingredients in the work of the contingency and war planning committees, who, by their very nature, have to prepare for the worst case, incidents in those worlds supported the view expressed last week by the anonymous Civil Service union official, agreeing that public servants would not be a cause

for concern if an emergency materialized.

As one experienced planning man put it: "The contingency planning you are talking about is much more for others in the trade union movement, though we think we could cope with them. But we do not think we would have any trouble from our own people."

What about the United States Government which has an enormous stake in keeping Britain's "unsinkable aircraft carrier" afloat? A Washington source, familiar with the United Kingdom, seemed equally calm last week.

"I doubt that it is a high priority target for the Central Intelligence Agency because the United Kingdom has such an outstanding war record. The United States Intelligence community does not focus on friendly countries. We would look on this as a British problem. It would take a hell of a situation before the United States Government made any representations to the British."

As one experienced planning man put it: "The contingency planning you are talking about is much more for others in the trade union movement, though we think we could cope with them. But we do not think we would have any trouble from our own people."

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Brain-stem death criteria in court case

By Nicholas Timmins

Two cases in the Court of Appeal involving conviction murder, due to be heard tomorrow, may lead to the first legal test of the concept that brain-stem death is equivalent to death of a patient. They also provide the backing of law for the British criteria which brain-stem death is defined.

The cases, which are being watched with intense interest by doctors and lawyers, turn on the determination when death occurs, something that is scarcely defined in English law.

An appeal against an application for leave to appeal in two cases where the conviction was maintained that actions in treating the victim including the turning-off of support systems, were not in the deaths.

The practice of most doctors to accept that death of brain-stem, which contains breathing, heart-beat and capacity for consciousness, inevitably result in the death of the patient.

Once the criteria for establishing that the brain-stem death has occurred as laid down by the conference of the medical royal colleges, have been met, the patient is declared dead.

Although the royal colleges are confident that the procedure will stand the test of the cases before the Court of Appeal, the first in which a patient has undergone deep sedation in the courts, doctors maintain that full tests, for example, an electroencephalogram (EEG) measurement of brain activity in higher, thinking, parts of the brain are necessary.

Dr Ian Kennedy, reader in law at King's College London, said yesterday it seemed to him that the court would conclude that the definition of death was for it to decide a matter of law. That would provide the first clear definition of death in English law.

Students reject by colleges 'in their thousands'

By Our Education Correspondent

Thousands of prospective students were turned away from colleges all over the country last year, according to a survey by the National Association of Teachers in Further and Higher Education (NATFHE) last night.

Three quarters of the 14 branches in some 100 colleges reported that they could not meet the demand from suitably qualified students.

More than half of the students unable to find a place wanted vocational courses in subjects such as engineering, accountancy, retail studies and nursing.

The main reasons given for turning students away were lack of space, inadequate resources, cuts in teaching staff, and the refusal of colleges to study outside local authority.

Mr Peter Dawson, general secretary of the union, said: "This is a scandal. It is time colleges were given proper resources."

Labour threat to S African stake in North Sea

By John Huxley

An opposition spokesman on energy said yesterday that a future Labour government might revoke licences for North Sea oil and gas exploration granted to consortia containing a South African stake.

Mr Edward Rowlands, MP for Merthyr Tydfil, said it was a national disgrace that such interests were being allowed to buy their way into the North Sea, "especially when one recalls the role of South African companies in evading and breaching sanctions legislation against the Smith regime in Rhodesia, passed by successive British governments."

He added: "The Government should reconsider these licences immediately. If not, a Labour government will, I am sure, revoke them." He emphasized, however, that he could not commit the party to such a course.

Two South African companies have received shares in licences in the seventh round of awards made by the Department of Energy. They are: Chartered Consolidated, the British arm of the large South African mining conglomerate, Anglo American, and Union Oil Exploration, a British-registered subsidiary of Federal Mines, another mining group.

According to a report by the Anti-Apartheid Movement (AAM) circulated among MPs yesterday, altogether South African-controlled companies

are involved in six consortia awarded licences since the early 1970s. The others were in the fourth licensing round, made by the Conservatives in 1971-72.

Anti-apartheid officials met Mr Hamish Gray, Minister of State for Energy, and his colleagues in February to raise the question of North Sea licences as part of general discussions on oil supplies to South Africa.

Mr Michael Terry, its executive secretary, said: "With a survey by the National Association of Teachers in Further and Higher Education (NATFHE) last night.

Under the present trade guidelines there is no mandatory embargo on oil sales to South Africa. However, there is a voluntary agreement whereby oil is sold into the European Community, to International Energy Agency countries, or to a handful of traditional customers, such as Finland. That precludes direct sales to South Africa.

Last night the Foreign Office said that participation in North Sea ventures was subject to normal commercial criteria, unrelated to the ultimate destination of oil found and subsequently produced. In any case, existing voluntary guidelines would prevent supplies being sold direct to South Africa.

Priest 'led bank robbery'

From Our Correspondent

Dublin

A Roman Catholic priest was charged yesterday with leading a gang in Dublin yesterday of being the leader of an armed gang which escaped with £45,620 in a bank raid in the west of Ireland in June, 1979.

He added: "The manager of the bank, Mr. J. J. O'Sullivan, 35, from Enniscrone, Co. Sligo, denied robbing the Bank of Ireland in Ballina, Co. Mayo, and forging insurance documents and car hire rental forms.

The prosecution said he was due to appear for trial in February, 1980, but failed to answer bail. He was apprehended last July and had been in custody since.

The court was told that Father Forde pretended to be an American tourist when he hired a car in Dublin. Some days later five men burst into the bank at 8.30 am, held up the staff and the manager's young son and forced them at gunpoint to open the safe.

The priest was arrested later that morning. When he appeared in Sligo District Court, he was recognized by bank staff, the prosecution said.

The case continues tomorrow.

Nationalists turn on Scottish Labour Party

By a Staff Reporter

The Scottish Labour Party's call for a Scottish assembly with legislative and tax-raising powers was criticized yesterday by the Scottish National Party.

Mr James Fairlie, the party's vice-chairman for policy, said: "Labour's devotion costs money. Independence is free."

He said that in the Labour scheme the Scots would have to pay twice over in taxes "for the sake of a piddling assembly with few real powers."

The Labour Party shielded away from the real issue of who has control over Scotland's oil and gas resources. If a Scottish parliament could raise revenue from those, there would be no question of double taxation.

Mr Fairlie added that whatever the Labour Party in Scotland said or did was in any case of little importance because the English party took the final decisions.

Parole as way of cutting prison population

By Peter Evans
Home Affairs Correspondent

Extending the use of parole to shorter sentences is one of the options that Mr Whitelaw, the Home Secretary, is seriously considering as part of his campaign to reduce the prison population.

I think that is somewhere definitely where I might take action," he told the Home Affairs Select Committee of the House of Commons yesterday. More details are expected in the review of the parole system to be published about Easter.

But another idea, increasing remission, might lead to an increase also in the length of sentences, he said.

Mr Whitelaw expressed disappointment that the prison population, which had dropped during the prison officers' dispute, was now again more than 43,000. The accommodation was designed for 39,000.

He described that as a human problem of daunting proportions.

It was difficult to maintain humane standards of treatment, he said. To bring prisons up to date would cost about £1,000m. Each prisoner now cost on average about £7,000 a year.

Mr Whitelaw made plain that he was still looking to the courts to cut sentences of non-violent offenders and not send so many to prison.

Written evidence from the Home Office said that halving the sentences of all non-violent offenders given less than four years would cut the prison population by about 8,500. If that happened, 12 prisons in poor condition might be closed.

Mr Whitelaw said the Government had a programme which would allow an increase of about 5,000 prison places in the 1980s. Even if the population was much lower than it was now, such a programme would be needed to replace the prisons which were wearing out.

'Knockout' man cleared of murder charge

From Michael Horsnell

Middlesbrough

A former London detective sergeant offered a young criminal a partnership in crime supported by a network of corrupt policemen. Teesside Crown Court at Middlesbrough was told yesterday.

It was alleged that a former police sergeant, John Symonds, told the criminal: "Always to let me know straight away if you need anything, because I know people everywhere, because I'm in a little firm in a firm."

"Don't matter where, anywhere in London I can get on the phone to someone I know I can trust, that talks the same as me."

Mr Symonds, aged 45, has pleaded not guilty to three charges of corruption involving a total of £150.

The Crown alleges that in 1969 he obtained money from Mr Michael Perry, from south London, who was at that time a criminal, as a reward for helping him over an arrest.

Mr Symonds, who was committed on bail for trial in 1972, left the country and returned only last year.

The trial continues today.

Mr Symonds said he arranged distractions such as false alarms to clear the way for his criminal activity. If anything went wrong, he would arrest a "mutt" offences committed by Perry.

At a third meeting an £50 was handed over, coaxed.

On another occasion, Rivlin said, Mr Symonds said: "We have got villains in our game that have got in your."

The hearing continues.

Court clash over plea to reimpose restrictions

Paul Vickers, aged 46, a surgeon, and Pamela Collison, aged 33, a political researcher, were remanded for a week yesterday at Gosforth Magistrates' Court, jointly charged with the murder of Mr Vickers's wife in June, 1979.

An adjournment was granted after the magistrates refused applications by defence solicitors to reimpose reporting restrictions lifted at the request of Miss Collison's solicitor at an earlier hearing. They took more than half an hour to reach their decision.

When it was announced, Mr Gavin McKenzie, for Mr Vickers, asked for an adjournment while he applied to a High Court judge. He said he would make the application today, and if leave was granted the matter could be heard this week.

The magistrates agreed to an adjournment until next Monday, and the pair were given bail to appear then.

Mr Vickers, of Moor Crescent, Gosforth, and Miss Collison, of Margaret Road, New Barnet, Hertfordshire, arrived separately for yesterday's hearing.

Mr McKenzie, asking for restrictions to be reimposed, said they had been lifted originally

at the request of Miss Collison in October, when the pair were charged separately with murdering Mrs Vickers.

In December they had been charged jointly with murder. Mr McKenzie said that although the two sets of proceedings were clearly linked enough to be joined together, it did not alter his view that before the application to lift restrictions was made there were two separate proceedings.

He told the court: "In relation to the joint charge, no application has been made for the lifting of restrictions. What happened before December has nothing to do with these proceedings."

He said Mr Vickers had never asked for the lifting of restrictions, and Miss Collison had not asked to lift them since the charges were made joint.

William McKenzie, chairman of the magistracy, said: "This court takes the view that the two accused are charged jointly, and the proceedings are subject to the initial lifting of reporting restrictions."

He said the order made lifting restrictions applied to the complete

Simpson

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Pentagon visited by South African intelligence officers

From Ray Kennedy
Johannesburg, March 16

The United States Embassy in Pretoria said today that it had no idea that five South African intelligence officers had been in Washington.

The five are reported to have entered the Pentagon and to have briefed National Security Council officials before they were turned away by the State Department.

There has been no official comment by the South African Government over what is probably regarded as something of a coup in obtaining a hearing from key conservatives in the Reagan Administration before the confirmation of Dr Chester Crocker as head of African affairs to Mr Alexander Haig, the Secretary of State.

The American Embassy in Pretoria, in tones of extreme hurt, said tonight: "We definitely did not know that these men were high-ranking military officials. They were issued with visas on the basis of three diplomatic Notes which identified them only as government officials. The Notes said they were going to Washington for consultations with the South African Embassy."

The statement does not stand close examination. The South African mission, headed by Lieutenant-General P. W. van der Westhuizen, head of military intelligence, included Admiral W. N. du Plessis, naval staff officer, intelligence, and a former South African defence attaché in Washington.

Admiral du Plessis was expelled from the United States in 1979 in retaliation for South Africa's expulsion of two United States Embassy officials after the ambassador's private aircraft was found to have been fitted with a "spy" camera.

South Africa claimed that the aircraft had been used to photograph "sensitive installations" and it is generally considered that the object of its photographic reconnaissance was to investigate what South Africa has been up to in the field of nuclear weapons.

In the normal diplomatic

shake-up, after a change of Presidents, Mr William Edmondson, the present American Ambassador to South Africa, a Carter man, has tendered his resignation and it has been accepted. It would seem others might follow.

Mr John Fisher, president of the American Security Council, a private and very conservative Washington body which is said to have notified the State Department that it intended to invite senior South African intelligence officers, was reported here today as saying: "We really are in trouble if our embassy in South Africa does not know who these people are."

Meanwhile, in a separate development, the American embassy in Pretoria denied today that either President Reagan or Mr Haig had promised to meet Mr Dirk Mudge, who leads a South West African delegation from the Democratic Turnhalle Alliance Party (DTA) at present in the United States.

The visit is seen as an attempt to lobby conservatives to support the attitude of the Pretoria-backed DTA after the breakdown of the Geneva talks and South Africa's expulsion from the United Nations General Assembly debate on Namibia (South West Africa).

The embassy in Pretoria released the text of a letter from Mr Lannon Walker, acting Assistant Secretary of State for Africa, to Mr Mudge.

It said the Reagan Administration was reviewing its approach to southern Africa, including the Namibian issue, and would consult all interested parties. The DTA delegation was asked to delay its Washington visit until the review was completed, but this did not preclude direct talks.

The embassy statement today said there had apparently been a misunderstanding over Mr Walker's letter, but that "specifically neither President Reagan nor Secretary of State Haig promised to meet with Mr Mudge at a future date. No appointments with DTA officials have been scheduled."

Zimbabwe Army sent to work with civilians

From Stephen Taylor
Salisbury, March 16

Former guerrillas recently absorbed into Zimbabwe's integrated National Army were working side by side with people in the countryside to restore the economy and develop natural resources, Mr Robert Mugabe said in a broadcast today.

While there has been speculation in recent months that units of the Army, which has already taken in about 20,000 former guerrillas and is growing at the rate of 3,000 every month, would be used on reconstruction projects, the Prime Minister's speech was the first official indication that such a measure is to be adopted.

White MPs of the Rhodesian Front have been sharply critical of a government pledge that has enabled every guerrilla to get a place in the National Army. The MPs assert that this would result in an army of more than 50,000 men which the country has not need for or the resources to sustain.

Mr Mugabe's statement was the second on the Army to be made by a senior member of the Government in the past few days. Mr Emmerson Mnangagwa, the Minister of State in the Prime Minister's office, confirmed at the weekend that

15 integrated battalions had been formed under British training since the middle of last year.

The statements are apparently designed to reassure the public that the integration process is back on course and the Army is stable. The final clashes last month in which more than 200 people were killed. The clashes involved soldiers in three battalions and former Zipra and Zanla guerrillas who are yet to be integrated.

A commission has been set up to establish the causes of the violence and apportion blame.

Mr Mugabe said tonight: "Our army is an army of the people... it is here to serve the State Government, not the interests of any minority or the selfish pursuits of individuals."

He added: "The day has passed when the people feared the sight of a soldier. Today every soldier in the Zimbabwe National Army must extend the hand of friendship to the people and respect (their) wish for continuing peace, law and order."

People had the right to expect that their protectors were disciplined. Anyone who was mistreated or threatened by a member of the Army should report it through established channels.

Britain fails on EEC farm spending limits

From Our Own Correspondent
Brussels, March 16

Sir Geoffrey Howe, the Chancellor of the Exchequer, failed here today in an attempt to persuade EEC Finance Ministers to set limits on the growth of agricultural spending, which at present swallows 70 per cent of the Community's budget.

The only support for Sir Geoffrey came from Herr Hans Egon Hartmann, the West German Finance Minister, who agreed that it was vital for the annual growth in farm spending be kept "markedly below" that of the Community's revenue sources.

Sir Geoffrey and Herr Hartmann also agreed that the increase in EEC farm prices should be kept below the level of inflation and that the binding 1 per cent limit on the rate at which value added tax can be levied to finance EEC policies should not be raised.

But it proved impossible to get the other Ministers to agree to a declaration setting out guidelines of this kind for Agriculture Ministers who today held their first full debate on his year's farm price settlement.

Mr Peter Walker, the British Agricultural Minister, and his EEC colleagues are hoping to reach agreement on the 1981-82 farm price package during a five-day meeting at the end of this month. The Finance Ministers do not meet again until April 6 and could be faced with a fait accompli.

Correction

The Foreign Legion was named to serve exclusively outside France and not inside France as was stated in our story about their 150th anniversary which appeared on March 1.

Soviet Union battles to save its greatest lake

From Michael Binyon
Moscow, March 16

'Nowhere' has the fight for the Soviet environment been more hotly or publicly fought than at Lake Baikal, the largest, deepest and once reputedly cleanest lake in the world.

But despite a series of increasingly tough laws to protect what is known as the "Pearl of Siberia" from pollution, many environmentalists fear that the interests of local industry are so entrenched it is almost too late to save the beautiful lake.

Lake Baikal, stretching the

equivalent of the distance between London and Edinburgh, is a natural phenomenon long prized by Soviet naturalists and tourists. A fifth of the world's fresh water is concentrated in this great cleft in the earth, fed by 336 rivers in central Siberia.

The dense forests and the moss of the taiga filter the melting snow, catching impurities, and about 90 per cent of all precipitation seeps down into the rock and is again filtered before entering the lake.

But Lake Baikal is now the

centre of a rapidly expanding industrial zone, where the growing exploitation of minerals and timber has brought a burgeoning population. A new trans-Siberian railway is being built close to the northern shore and extensive damage has been caused by the burning of forests, pollution of streams, and destruction of grass cover.

This damage is especially serious because of the delicate ecological balance in the extreme Siberian climate. If a tree only six inches in diameter is destroyed, it takes between 150 and 170 years to grow another of the same size. The

area's rivers have only a tenth of the self-purifying capacity of the Volga or Don.

Ten years ago the Soviet Government passed laws to protect the lake's basin. Three years ago further restrictions were laid on the big pulp and cardboard works, the main source of pollution of the lake.

Industrial effluents had to be demineralized or converted to non-toxic substances, and by 1985 the factories were to change over to a closed water-supply system.

However, last year *Pravda* said violations by the paper mills were more frequent than

ever, and the local city of Slyudzanka discharged poorly treated sewage into the lake and increased shipping brought oil and pollution.

Other factories were still pouring toxic substances into the rivers that flowed into Lake Baikal, and rafts of two million cubic metres of timber a year passing down the lake left behind hundreds of tons of organic compounds.

New petrol storage depots, originally temporary, have not been made permanent, despite a decree in 1966 that no new industrial plants should be built near the lake.



Munich squatters being evicted from an uninhabited house by police on Sunday night.

Battle begins for control of W Berlin

From Patricia Clough
Bonn, March 16

What promises to be a mighty battle for political power in West Berlin opened officially today as the city's House of Representatives voted to dissolve the legislature two years before time.

The unanimous vote formally cleared the way for the elections on May 10, which were brought on by a political crisis caused by a building scandal involving ruling politicians.

The House will still meet occasionally on a caretaker basis to adopt federal West German laws, which do not

automatically apply to West Berlin, and to debate a report by the committee investigating the scandal.

Germany's political parties are preparing to pull out all the stops during the two-month campaign, because the outcome of the elections—which is far from certain—is of critical importance to the federal Government.

If the Social Democrats and Free Democrats are toppled after 35 years of almost uninterrupted power, it will be seen as the beginning of the end for the trouble-ridden Social Democrat-Free Democrat coalition in Bonn.

Herr Eberhard Diepgen, the opposition Christian Democrat floor leader in the House of Representatives, called today for a "democratic change" after the scandals and malpractices of recent years.

Herr Alexander Longolius,

his Social Democrat counterpart, retorted that the change had already taken place with the arrival of Herr Hans-Jochen Vogel, the former federal Justice Minister, to take over as Chief Burgomaster.

Herr Vogel, considered the most likely successor to Herr Helmut Schmidt as Chancellor, was sent to Berlin in a desperate attempt to clean up the city Government and avert defeat at the elections.

A group of young people who interrupted the session today by shouting demands for the release of failed squatters were a reminder of a potentially explosive situation which could affect the elections. With more than 100 buildings occupied by squatters, and an estimated 10,000-12,000 sympathizers prepared to take to the streets, West Berlin has become the capital of West Germany's squating problem.

Pakistani prisoners mainly Bhutto men

From Hasan Akhtar
Islamabad, March 16

The Pakistani Government today released the names of 27 of the 54 political prisoners swapped yesterday for the hostages on the Pakistani airliner at Damascus airport. The list indicated that most of those released belonged to the Pakistan People's Party of Mr Bhutto, the executed Prime Minister.

The most important of the released prisoners was Dr Chaudhry Hussain, who was secretary-general of the People's Party until it was dissolved by the martial-law regime in October, 1979.

It is expected that a list of the remaining 27 prisoners will be issued by the Government tomorrow. Newspapers in Pakistan have been supplied by the Government with photographs of the released prisoners and brief accounts of the charges on which they were held or convicted. According to the list, a number were members of students' organizations and the Sindh Freedom Movement, and were held on general charges of working against the Government.

Also among the prisoners was Mr Munir Ahmad Warraich, a former naval officer who served in the Pakistani Foreign Office under Mr Bhutto's rule. Mr Warraich was arrested in September last year, convicted by a general court-martial earlier this month, and sentenced to 14 years' imprisonment. The charges against him were not officially stated but he was believed to be involved in alleged arms smuggling.

According to the official list, seven were being tried for their part in firing on an anti-Bhutto rally in Rawalpindi about eight years ago resulting in about a dozen deaths, 21 were charged with sabotage and arms smuggling, five were held on charges of murder, two for alleged espionage and conspiracy against the state, and eight for causing disaffection against the Government in the armed forces. Eight were charged for clandestine printing of what was described by the Government as subversive literature, while three were detained for unspecified unlawful activity.

The first list of 27 prisoners was released today after yesterday's broadcast by President Zia-ul-Haq that he would expose the men involved in what he called a conspiracy against Pakistan.

Hostages bound for Mecca

Bahrain, March 16—More than 100 Pakistanis held for 13 days on the hijacked Pakistani airliner arrived in Saudi Arabia from Damascus today to offer special prayers at Mecca, seat of the Islamic faith.

They had routine medical examinations at a hospital on arrival, and Saudi Arabia's summer resort city, and then were driven to a luxury hotel and treated to a lavish meal, Pakistani officials said.

The Pakistanis, including the crew of the hijacked Pakistan International Airlines Boeing 720, were released in Damascus after the three hijackers surrendered to Syrian authorities and an aircraft carrying 54 prisoners from Pakistan touched down in the Syrian capital.

The pilot and crew of the Boeing, which was hijacked on March 2 during an internal Pakistan flight, flew the passengers to Taif.

The Pakistani officials said the passengers were guests of the Saudi Government, which has also undertaken to fly them to Mecca and Medina in Saudi aircraft.

Uncertain fate: The three hijackers and the 54 prisoners freed by the Pakistani Government remain in Syrian custody. The prisoners were being held in the airport hotel and the hijackers at an undisclosed location. There is still no clear idea of what will happen to the hijackers, or the prisoners. Syria has yet to grant them asylum (UPI reports from Damascus).

Arab anger at latest West Bank land grab

From Christopher Walker
Anatolia, March 16

The Israeli Government's rush to construct new Jewish settlements in advance of the June general election has run into violence and fierce legal controversy on a rocky Samaritan hillside outside this occupied West Bank town.

Mukhtars from three neighbouring Arab villages claim to have been informed by an Israeli officer on March 8 that about 400 acres in the area was being declared "state land" and taken over by the military Government. Any Arab with a claim to ownership was given 21 days to present his case to a military appeals committee.

According to villagers, two days after the announcement, an Israeli bulldozer arrived to start digging a long access road to the remote site of the proposed settlement, one of seven on which work commenced last week.

Already the new dirt road is over 700 yards long, running directly through fields planted with almond and olive trees, and divided by a number of old stone walls apparently demolishing local ownership. It was able to inspect the site today while Israeli officials with pistols in their belts worked around us with surveying posts.

"What is the point of giving us three weeks to appeal about certain of our lands, when they have already started work on a road to the site which we are appealing about?" asked one local Arab municipal official. "Can they believe that we imagine that they are building this road to nowhere?"

The military Government claims there is a distinction between the land being used to build the access road to the new settlement, Shavei-Shimon B, and the land on which the houses will be constructed.

Because the road is listed as a "public need" the land on which it is being built is confiscated, with compensation offered and no right of appeal. The land earmarked for the settlement proper, which is intended to house more than 30 Jewish families by June, is claimed as state land, leaving the opportunity of appeal.

Incensed by the construction of the road prior to the appeal hearing, local Palestinians have already stoned the Israeli construction workers and attempted to stop the work by lying under the bulldozers.

A protest march of 300 land-owners and Arab villagers at the weekend was forcefully broken up by Israeli troops and all local Palestinians have been barred from the site by military order. Some farmers claim angrily that this prevents them looking after their crops.

Clown back in race for presidency

From Ian Murray
Paris, March 16

Egg, or it may have been custard pie, was smeared all over the collective face of the Paris press corps in the Théâtre du Gymnase this afternoon by a clown. Contrary to what most of the journalists present—including your correspondent—had been saying, M Michel Colucci, alias Coluche, is definitely not withdrawing from the presidential campaign.

His eyes twinkled mischievously behind his little round glasses as he made the announcement to a near-packed house. He had caught the press, at least figuratively, with its trousers down and he obviously enjoyed the joke.

Unusually for the press in France, journalists had arrived in time for the press conference announced by Coluche. He explained the reasons why he was quitting the campaign. When the red velvet curtain rose, there he sat at a plain wooden table covered in microphones, with just enough space for a pizza, a plate of spaghetti, and a bottle of mineral water. His mouth was full.

Waving a pizza-laden fork he confessed that he had lied. "I would stop, in fact I cannot," but this is the only method that I have found in order to stop the ban of which I am the object on radio and television."

He explained why he was eating. This was because he wanted everyone to see him enjoy his last meal before he began a hunger strike. He would not eat again until he was invited to appear on the main political radio and television programmes.

Man in the News

Overlord at pirates' oriental lair

Sir Murray MacLehose, who has announced that he will not serve a further term as Governor of Hongkong, is the last of the great proconsuls. Other men governed larger and grander overseas territories, but none succeeded in reversing the tide of history.

From India to Fiji, viceroys, governors and high commissioners were appointed to preside over the dissolution of the British Empire, but since 1971 Sir Murray has helped to transform Hongkong from an entrepôt for foreign trade with the China coast to a manufacturing centre ranking among the world's top 20 exporters.

No less noteworthy, the Colony's future has been secured for the foreseeable future. Peking is content to leave this capitalist island in a communist sea to pursue the quick buck.

Indeed, it has joined in the pursuit with an enthusiasm which would have surprised Marx, Lenin and Stalin. Obviously the Chinese Government has good reason to permit the Union Jack to fly over what it regards as Chinese territory, but Sir Murray MacLehose made possible this odd, but mutually profitable, arrangement.

His diplomatic training and experience explain his repeated successes, which culminated in his official visit to the Chinese capital in 1979. His foreign postings included Hankow, Prague, Wellington, Paris, Saigon and Copenhagen, as well as a spell as political adviser in Hongkong, but they do not explain his success as a colonial administrator.

Labour politicians visiting the Colony have complained about the absence of democratic government, apparently unaware that Peking would not tolerate a third Chinese government. Others have condemned corruption, vice and other excesses.

All this is true. Hongkong is the most corrupt equivalent of a pirate's lair, which is why it is exuberantly alive, but Sir Murray and his expatriate officers have created one of the most enlightened colonial administrations in history.

Public housing, health and education have steadily improved, as have legislation and social services to prevent exploitation and abuse.

It has not been easy. Since 1946 the population has grown from 600,000 to nearly five million, illegal immigration from the mainland was mainly possible, but Hongkong also attracted the "boat people" fleeing from Vietnam.

Corruption was endemic and efforts to reduce it nearly brought about a police mutiny. For one grim moment, a breakdown in law and order seemed inevitable, but Hongkong survived.

It is a pity that Sir Murray shrewd man in Government House and his lieutenants. One reason was that the Governor knew that he was running a new town in the Home Counties, that Hongkong would always be a pirates' lair, attracting adventurers and crooks as well as capital. Another was that he enjoyed life and Hongkong immensely.

I find it hard to believe that at the age of 63 he will be content to return to farming in Scotland, or that Hongkong will see his like again.

Community praises Spain

From Our Correspondent
Brussels, March 16

Welcoming the "firm and energetic response" of the Spanish Government and people to last month's attempted coup, EEC Foreign Ministers announced here today that they intend to "intensify" negotiations with Spain on its application to join the Community.

This assurance was given after talks with Señor José Pedro Páez Llorca, the Spanish Foreign Minister, who appealed for a more

Buchanan's

"dynamic" approach to the negotiations and "a renewal of faith in the future of Spain".

Señor Páez Llorca said that the observance by Spanish public opinion of real progress in the entry negotiations in the coming months would be a positive factor for the stability of democracy in Spain.

The negotiations have become difficult because of the problem of integrating Spanish agriculture. The French have argued that there can be no agreement on Spain's entry terms until the EEC's internal reforms have been completed.

Strike called off after Polish officials resign

Radom, March 16.—Free trade union leaders in this Polish industrial city have called off a two-hour regional strike set for Wednesday, the state radio said tonight.

The radio quoted the local Solidarity leader Mr Andrzej Sobieraj, as saying the decision had been taken "in view of the partial fulfilment of our demands by the authorities".

The Solidarity national leader, Mr Lech Walesa, had earlier appealed to workers in Radom not to strike, saying he was confident that the Government would send a delegation to negotiate their demands.

The official news agency PAP said tonight that Mr Zdzislaw Kwietniak had been elected first secretary of the Communist party in Radom to replace Mr Janusz Prokopiak, one of three local officials whose removal Solidarity had sought. It said Mr Prokopiak had offered his resignation so as not to be a source of local conflict.

The Governor of Radom has also resigned and union officials said tonight they were waiting for the local police chief to go.

Several of the Hama residents referred to a Syrian Special Forces colonel who had commanded the paramilitary police in the city during some of the past nine months. He had a brutal reputation, they said, and was promoted in January and sent to command a Special Forces unit in Beirut. Here, they said, he was assassinated by four other members of the Syrian security police.

From the accounts given here, the Syrian regular Army appears to have been uninvolved in the events in Hama.

assassinations in the city had been carried out by two doctors who were brothers. They had both been killed subsequently in a gun battle but since then five other doctors had been murdered by the police, the residents claimed.

Eight doctors had left Hama in fear of their lives together with "thousands" of ordinary people who had fled to West Germany and the United States.

They spoke consistently of three initial periods of mass arrests between Easter and August last year and said these were followed by shootings and murders by the police on an average of once every two days.

Families of suspects were singled out for official retribution, he said. On four occasions, when the Special Forces had trapped suspects in their homes and they refused to surrender, the paramilitary force had destroyed the houses with rocket-propelled grenades.

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Impromptu Khomeini talks fail to end Iran political dispute

Tehran, March 16—Ayatollah Khomeini, the Iranian leader, is to set up a three-man reconciliation committee and ban public speeches by political leaders.

In a statement read over national television, the ayatollah avoided taking sides in the dispute between President Abolhasan Bani-Sadr and the dominant Muslim fundamentalist Islamic Republican Party, which started with factional violence at a mass rally addressed by the President.

He said all Iran's main public figures and bodies were legally in office and that it was forbidden to insult or weaken them; but he reminded them that they were subject to the constitution and that they could face public exposure and trial if they did not obey it—Reuters.

Referring to recent violence, Ayatollah Khomeini said: "Since during speeches by the President, the Prime Minister, the head of the Supreme Court and the Speaker of the Majlis (Parliament), deviated groups have created disturbances, it will be better if they give no more speeches until the end of the war. Interviews are, however, not forbidden."

His statement also authorized

the three-man committee to study newspapers, and if any two of them found a newspaper objectionable, to denounce it to the judicial authorities. Newspapers supporting the rival groups had recently carried articles and denunciations that may have increased tensions.

Bitter rivalry: Mr. Mehdi Bazargan, the former moderate Prime Minister whose only official position at present is that of parliamentarian deputy, was surprisingly included in the talks, (Tony Alloway writes).

He appears to be lined up behind President Bani-Sadr, who also attended.

With them were the Islamic fundamentalists, the bitter political rival, the Prime Minister, the Chief Justice, the parliamentary speaker, and a religious leader.

Also in the talks was Hajj-Abolhasan Khomeini, the ayatollah's son, who has increasingly supported the President recently.

Political observers, who had been extremely puzzled by the ayatollah's public silence on the controversy, now suggest that he has become tired of his customary routine of delivering judgment from on high.



Bath-time distress in a refugee camp in San Salvador.

Christian Aid urges EEC to resist US pressure over El Salvador

By Jacob Eccleston

Dr Kenneth Slack, the director of Christian Aid, yesterday appealed to EEC foreign ministers, who meet in Brussels today, to resist American pressure and provide food and money for civil war victims in El Salvador. "There is quite appalling human need, and we ought to do all we can to meet that need," he said.

Speaking in London on his return from a three-week tour of Central America and Brazil, Dr Slack said the war was "an uprising against the intolerable—an intolerable situation that has gone on for a very long time. Christians in El Salvador, he said, had made it clear that the guerrillas fighting the American-backed Government were not merely terrorists.

Christian Aid reported that it had given nearly £150,000 in relief aid over the past 14 months, and that a special fund had raised £40,000 for El Salvador in the past two months. The money was given to an ecumenical organization, the Christian Aid Relief and Development Fund, which was used to feed thousands of people displaced by the war, many of them widows and orphans.

In addition to a brief visit to El Salvador, restricted because of the rigid local curfew and "the personal danger to our colleagues there," Dr Slack and Mr George Gelber,

Christian Aid's project officer for Latin America, had talks with Christians in Nicaragua, Guatemala and South America.

Many of those he met in Guatemala, he said, talked in terms of that country becoming the next El Salvador. "The liberality of the regime is bound to lead to an increase in guerrilla activity," he reported.

Commenting on American opposition to the continued supply of emergency relief aid, Dr Slack said Christians in El Salvador regretted President Reagan's attitude because it would buttress the Government.

To stop giving aid now would be to pander to the Reagan Administration's inability to recognize that Christian witnesses of total integrity testified to the fact that the civil war in El Salvador was far more than a government terror from anyone else, he said.

Commenting on his visit to Nicaragua, where he had discussions with leaders of the Sandinista Front, Dr Slack said it was clear there was a strong desire to benefit from the Christian presence in the revolutionary Government.

Election plea: A Roman Catholic clergyman said on Sun-

day that a negotiated solution to El Salvador's political violence was still possible and urged the Government to carry out a promise to hold elections in 1982.

Father Manuel Torruella, celebrating Mass in place of the acting Archbishop, Mgr Arturo Rivera y Damas, at the central cathedral in the capital, said a "just, political option" was still possible.

He said that despite public distrust the ruling junta should push ahead with its plans for holding democratic elections in 1982.

At least 58 people died in political violence at the weekend—UPI.



Dr Slack: 'Appalling need'.

Viola visit marks human rights change

From Patrick Brogan
Washington, March 16

General Roberto Viola, the President-designate of Argentina, is in Washington on an official visit in what is seen as a demonstration of the change in the American approach to human rights in South America. The Reagan Administration's perspective differs sharply from that of Mr Carter.

This is the first visit of an Argentine head of state—or designated head of state—since President Ford's brief appearance in 1961, apart from President Videla's brief appearance at the time of the Panama Canal treaties in 1978.

On that occasion the leaders of a great number of South American republics came to Washington to pay brief courtesy calls on President Carter.

The visit of General Viola, who succeeds President Videla on March 29, is much more substantial. He is seeing Mr Alexander Haig, the Secretary of State this afternoon and will meet President Reagan tomorrow afternoon.

Argentina, according to the State Department, has one of the worst human rights records on the South American continent. The military Government repressed civil disorder and left-wing terrorism with extreme ruthlessness.

The State Department publishes annual lists of the state of human rights in various countries—a practice which will probably stop.

President Reagan and Mr Haig have said repeatedly that supporting international terrorism is the most effective contribution the United States and its friends and allies can make to furthering the cause of human rights.

They have already suspended the sanctions invoked against Chile after the murder here of Senator Orlando Letelier, an opposition leader.

Kissinger view: Dr Henry Kissinger, the former United States Secretary of State, yesterday said the fighting in El Salvador was not comparable to that in the 1970s.

"The guerrilla movement is not nearly so far advanced as in Vietnam, Vietnam has 10 times the population of El Salvador and El Salvador lacks a powerful neighbour like China to supply arms," he said at San Juan airport, Puerto Rico.—UPI.

Unifil men killed in shelling of village

From Our Own Correspondent
Beirut, March 16

In one of the most serious attacks on United Nations troops in Lebanon since they first arrived in the country three years ago, Israeli-backed Lebanese militiamen today shelled the village of Kantara, killing two United Nations soldiers and wounding 11 others.

The bombardment, which lasted an hour and came without any warning, was centred on the United Nations' Nigerian battalion area and all the United Nations soldiers were Nigerian. Two regular Lebanese soldiers—part of a force of 30 sent from Beirut last week—were also wounded.

San afterwards, Major Saad Haddad's militia shelled the Dutch battalion area, firing projectiles around the village of Yater, but the Dutch reported no casualties.

There was no reason given by Major Haddad for these assaults—a move which was the purpose of his bombardments over his Country and Western radio station—"The Voice of Hope", but it seems certain he was trying to discourage the Lebanese Government from sending more regular troops to southern Lebanon.

Although the Lebanese decision to place troops within the United Nations' area of control in the south has received American support, Major Haddad has consistently opposed this policy. The state of the first-regular soldiers moved south in 1978, Major Haddad's men shelled them. The shells are furnished by the major's Lebanese suppliers and are of American manufacture.

Israel died in Israeli officer today dismantling a booby-trapped object, the military command announced here. It said Israeli sappers crossed the border this morning, in response to a request by the Lebanese.

Formidable Irishman has task of restoring UN morale in south Lebanon

From Robert Fisk
Kana, Southern Lebanon
March 16

The first thing you notice about Major-General William Callaghan is his extraordinary face. It looks a little like a skull, with two penetrating eyes above two high, massive cheekbones that stretch his skin taut like a drum.

The effect is only slightly ameliorated by the giant, bear-like ears on each side of his head. With his ponderous stride and gleaming blackthorn stick, he looks a formidable man. As the new commander of the 6,000 United Nations troops in southern Lebanon, he needs to be just that.

He likes the no-nonsense approach. "Now, let me tell you something," he began gruffly. "If you are going to be as pessimistic as you are, you are in your series of United Nations articles in *The Times* last year, I'm not going to do this interview." Then he rather spoilt the effect by saying: "I haven't upset you, by saying that."

Without getting any promise of optimism, he waited for the first question. He knows that people expect a lot from him because of the morale of the United Nations Force in Lebanon (Unifil) has been steadily declining in recent months and United Nations officials have been talking rashly about the tough new Irish general who is going to replace Major-General Callaghan moving in southern Lebanon.

General Callaghan is Irish, all right—his Cork accent cuts through every word he says—but he is really all that forceful a figure. "Judgments are clear who I am. General is not unlike women who purchase style—they like it to be admired when worn rather than seen beforehand in the wardrobe. I believe in good professional clothing."

He looked up to see if the metaphor had been appreciated—he had clearly used it many

times before. Indeed, General Callaghan has had plenty of experience as an international soldier. He was a company commander in the Irish United Nations battalion in the Congo in 1961, served three tours of duty with the United Nations in Cyprus, and was Acting Chief of Staff of the United Nations Truce Supervision Organisation on the Israeli-Syrian border in 1978.

He has been in Lebanon long enough to know Unifil's problems, although he remains deceptively mild about them—for the present. "Our main problem," he said, "is lack of cooperation by the participating parties across the board, with the exception of the Lebanese Government."

By "participating parties" he means the Israeli-backed army of Major Saad Haddad, the Israelis themselves, and the Palestinian leftist militias. "I'm talking about cooperation on a specific day-to-day level," General Callaghan said.

That last phrase was as far as General Callaghan wanted to go in blaming the Israelis for Unifil's predicament. Like a newly appointed headmaster, he seemed anxious to let the more unruly boys know that he had his eye on them without actually naming names.

But he was equally recalcitrant about the notion that Unifil's peace-keeping mandate should be turned into a peace-enforcement role and that the United Nations should use its strong-arm methods to extend its control of southern Lebanon down to the Israeli frontier. Peace enforcement, he said, necessitated a "disposition to casualties" by the countries sending soldiers to Unifil; it was clearly an area into which he did not wish to delve too deeply.

What did he have in mind to strengthen Unifil's hand, I asked? He lent across the table the skin tight over those intimidating cheekbones, and rapped out: "Just you wait and see."

Cancellation of opposition rally raises new problems for US policy

From Michael Leeman
New York, March 16

An opposition political rally in Nicaragua was cancelled yesterday after supporters of the ruling Sandinista Front had burnt down the house of the party leader. The incident will encourage fears that the country is moving towards a totalitarian regime and adds a further complication to United States policy in central America.

The rally had been planned to mark the first anniversary of the formation of the Nicaraguan Democratic Movement by Senator Alfonso Robelo, formerly a member of the junta which took power after the Sandinistas ousted General Somoza in July 1979. Senator Robelo later formed his own party because of his worry

about the junta's drift to the left.

After some hesitation, the junta had given permission for yesterday's rally. But Sandinista supporters took the law into their own hands by burning Senator Robelo's house, destroying three radio stations which supported him, and blocking roads to Managua, the town where the rally was to be held. 50 miles from Managua, the capital.

Senator Robelo called it "a night of terror" and cancelled the rally. He added: "Pluralism has become a hollow word with no reality. We find ourselves before a new dictatorship that has no compunction about using the stones and clubs of the manipulated poor."

"Pluralism has been the word used to denote the variety of political views in the junta. Con-

servatives and moderate businessmen have been worried in recent months that hard-line leftists, encouraged by Cuba, were moving towards a complete takeover.

Earlier this month the five-man junta, containing two moderates, was reduced to three, with only one moderate remaining. Dr Arturo Cruz, regarded by many businessmen as the chief guardian of moderation, left the junta and has been appointed ambassador to Washington.

La Prensa, the country's largest newspaper, which has opposed the drift to the left, suspended publication temporarily after weekend demonstrations outside its office by Sandinista supporters. It is edited by Senator Pedro Chamorro, the son of the former editor, murdered for his opposition to Somoza.

The new signs of a squeeze

of the right will complicate America's decision on whether to resume aid to Nicaragua, suspended because of the help the country has given in supplying arms to the guerrillas in El Salvador. The country is in a parlous economic plight, with a balance of payments deficit of \$200m (about £90.4m) and the prospect of being unable to pick part of its cotton crop this year because regional instability has prevented the usual immigrant pickers from El Salvador and Honduras from coming.

Without American help, the country will be forced into the arms of Cuba, which already has 4,000 advisers there. The only leverage the Americans could then apply would be to give clandestine assistance to the Somozist guerrillas who make raids across the border from Honduras.

MEPs react to protests on spending

Strasbourg, March 16.—In the mounting campaign against overspending by the European Parliament, Signor Marco Pannella, an Italian member, has produced figures showing expensive receptions and extravagant accommodation costs.

Signor Pannella's campaign, which he says he will follow up with advertisements in newspapers published in community countries, paid for out of his £45,000 annual salary, has provoked a flurry of activity.

The 17-member executive bureau of the Parliament announced this week that parliamentary delegations would travel together on charter flights in future, instead of flying individually and first class. They would confine themselves to visiting capital cities, and would not move about as tourists.

Parliamentary delegations which have recently visited Sierra Leone, Colombia and Australia have called press conferences to explain their spending, and a delegation leaving for South-East Asia next month has cut down its itinerary.

According to figures provided by Signor Pannella, the Parliament spends about \$10m a year on rent for its buildings, £204,000 a year on receptions, £227,000 on hiring cars for its members and more than £10,000 on cleaning its premises.

Delegations themselves argue that their size and expense are justified by the importance of their work. "We do not dispute Signor Pannella's figures," a parliamentary spokesman said, "but we believe that it is necessary to maintain our contacts with countries which have important agreements with the EEC."

Signor Pannella has singled out the Parliament's relations with the 60 African, Caribbean and Pacific nations linked in trade and aid agreement with the EEC. He noted that when their meetings were held in Luxembourg or Brussels, attendance was paltry, but members thronged to attend meetings in the overseas countries.

—Reuters.

In brief Mauritania coup attempt fails

Algiers, March 16.—The military Government in Mauritania said today it had defeated an attempted coup organized by Morocco. One leader of the abortive coup was killed and another captured. Both were Mauritanian opposition leaders living in exile.

Mr Sid Ahmed Ould B'neijara, the Prime Minister, said in a broadcast monitored in Dakar that a suicide commando attacked the Government and presidential headquarters this afternoon. Six other people were killed—Reuters.

MPs get to grips in Kashmir Assembly

Delhi, March 16.—A fist-fight broke out between members of the Opposition and Treasury benches in the Legislative Assembly in Kashmir today.

The fighting followed heated exchanges between the two sides after the Speaker, the Assembly President, refused to admit opposition motion seeking to censure the Government of Sheikh Muhammad Abdullah. No one was seriously hurt—Agence France-Presse.

Iranian jet hijacked

Ankara, March 16.—An Iranian Air Force C-130 transport aircraft was hijacked today by a military officer seeking political asylum in Turkey, Ankara authorities said. The officer was only identified as a graduate of the Turkish Air Force. There were 12 people on board the aircraft, which was diverted to Turkey.

Egypt backs rebels

Cairo, March 16.—Egypt tonight officially confirmed for the first time that it was supplying arms to rebel forces in the Sudan civil war. Asked for details of the Egyptian supplies, the Foreign Ministry said it was not prepared to "tell secrets."

Islanders sue US

Washington, March 16.—The people of Bikini in the Pacific atoll evacuated in 1946 to make way for United States nuclear tests, sued the United States today for \$450m (£203m). They claimed that Bikini was taken over unlawfully.

Seal death protest

Ottawa, March 16.—About 200 chanting protesters from Europe and North America marched by torchlight to Canada's Parliament last night to demand an end to the killing of seal pups off Newfoundland.

Census in Sri Lanka

Colombo, March 16.—Sri Lankans were told today to tie up their dogs, stay awake and remain indoors tomorrow night so that 70,000 census enumerators can count them and their homes.

Surinam plot foiled

Paramaribo, March 16.—The Surinam Government said today it had foiled an attempted coup to separate marriage from the dictates of natural law is to allow oneself to be caught up in the temptations of bestiality.

Famous names likely to appear in actress's case against tabloid

From Ivor Davis
Los Angeles, March 16

Five years ago the *National Enquirer*, a racy weekly tabloid that sells millions of copies in supermarkets across America, carried a gossip item about one of the country's most popular entertainers, Miss Carol Burnett, the comedy actress.

The article said that a "boisterous Burnett" had a "loud" argument with Dr Henry Kissinger, the former Secretary of State, at a fashionable Washington restaurant, later "traipsing" around the place, spilling wine on another diner.

"Not true. A complete fabrication," declared Miss Burnett, who said she had denied such an incident took

place even before the newspaper printed the item. A month later the newspaper published a retraction; but this week Miss Burnett took her seat in the front row of a Los Angeles court and prepared to testify in a \$10m (£4.5m) libel case she has brought against the Florida-based publication.

A number of famous personalities, including Dr Kissinger, are expected to be called as witnesses. In the Hollywood film community the trial is also being closely watched by several other celebrities who have libel suits pending against the *National Enquirer*, a newspaper which has built an impressive circulation (four million sold, but a "pass on" readership of 18 million) by running salacious stories purporting to be the



Carol Burnett: "Not true."

Dr Kissinger: Likely witness

inside truths about celebrities' private lives.

Those with suits pending include Linda Blatty, wife of best-selling author William Peter Blatty; Rory Calhoun, an actor; Marty Ingels, an agent; and his actress wife, Shirley Jones; Phil Silvers, a comedian; Rudy Vallee, a former big band leader; Jane Powell; and Dr Max Shapiro, former dentist of Elvis Presley.

Never before has the *National Enquirer* been taken to court in a libel issue. In previous years there have been settlements out of court.

Miss Burnett, realizing she is something of a banner carrier for her celebrity colleagues, says she is determined to go through with the case.

Commenting about the newspaper's retraction, she said: "It is tantamount to being struck by a hit-and-run driver. You are in the hospital and they send you a bouquet of crabgrass."

Her suit, seeking \$5m punitive damages and \$5m general damages, claims that the newspaper had maliciously and knowingly published false information that subjected her to "great upset, shock, mental suffering, emotional distress, shame, humiliation and embarrassment."

The suit argues that the wording of the item gave the impression that Miss Burnett was drunk at the time.

The *National Enquirer's* lawyers have said a retraction was published. The trial by jury is expected to last about three weeks.

Israel told it is falling behind in arms race

From Moshe Brilliant
Tel Aviv, March 16

Mr Yitzhak Shamir, the Israeli Foreign Minister, told the Knesset today that Israel was unable to keep pace with the accelerating Middle East arms race which, he said, must lead inexorably to a devastating war.

In strong terms, the usually soft-spoken minister, denounced the stream of arms coming from the Soviet Union and Europe and claimed that Jordan, Syria, Saudi Arabia and Libya were already better armed today than the United States.

He dismissed the United States' proposal to offset the damage by supplying military aid to Israel under special terms. "This is no solution," he said. "The state of Israel will not be able to stand the strain, if only economically."

Mr Shamir also challenged the American assessment that Saudi Arabia was moderate, pointing out that it had participated in all the wars against

Israel, orchestrated the recent call for a *Jihad* (holy war), and had financed Palestinian terrorists.

Mr Shamir said the Reagan Administration was violating pledges to Congress by the previous Administration in selling the Saudis extra equipment for the F15 aircraft, the most sophisticated fighters in the American arsenal, to enable them to be used against Israel.

Reporting on his meetings with officials of the Reagan Administration during his recent mission to Washington, Mr Shamir said he had found friendship and understanding but that they had been upset by the supply of the offensive parts for the F15s as well as the F16s (warning and control system) aircraft.

Israelis, who had appeared to have adjusted to the American decision about the F15s, appeared deeply troubled by later reports that the Saudis will also get four AWACS aircraft.

Man shot trying to cross Wall into East Berlin

From Our Own Correspondent
Bonn, March 16

East German border guards today shot a man who climbed the Berlin Wall—heading from West to East. It is not known if he was killed.

The incident was unique in the 20-year history of the wall. Anyone who wants to enter East Berlin can simply walk to one of the crossing-points or take the railway.

A few drunks or mentally deranged people have crossed the fortifications from west to east in the past without being hurt.

West Berlin police said the man, aged about 40, climbed the high concrete wall and ran 50 yards across the heavily guarded "death strip." He was about to climb a fence when East German guards fired a warning shot and ordered him to stop.

Then two more shots rang out and the man fell to the ground.

Last-minute doubt over Spanish divorce Bill

From Richard Wigg
Madrid, March 16

Months of effort by Señor Francisco Fernández Ordóñez, the Justice Minister, to give Spain a divorce law like those in West European countries, will reach a decisive stage tomorrow when the Bill goes before Parliament for approval.

But 24 hours before, the ruling Centre Democratic Union (UCD) was still arguing whether to permit divorce by mutual consent. Its leaders had been obliged to go back on a draft permitting it, agreed in the committee stage, after an anti-divorce campaign by the Roman Catholic Church.

The battle between the progressive and traditionalists is seriously troubling the country and the Government, only weeks after an abortive military coup and at a time

when Señor Leopoldo Calvo Sotelo, the Prime Minister, wishes above all to reassert the Government's authority.

The divisions within the UCD obliged Señor Calvo Sotelo to restrict himself to expressing personal approval for the Divorce Bill favoured by the Justice Minister, who comes from the party's Social Democratic wing. But in an effort to split the UCD, the Prime Minister emphasised that the parliamentary party would take the final decisions.

Señora Calvo Sotelo, the Prime Minister's wife and mother of eight children, recently told a woman's magazine that she was also in favour of introducing divorce in Spain.

The UCD was founded as a non-confessional party but, stimulated by the Church, the Christian Democratic wing has

lately been increasingly active. Since Mr Antonio Innocenti, the Nuncio, arrived here in January he has made clear that the Pope's instructions are to stop the introduction in Spain of a divorce law.

After much activity by the Christian Democrats against the Justice Minister's Bill—described as permitting "a Las Vegas-style divorce in Spain"—Señor Oscar Alzaga, one of their parliamentary leaders, last week tabled a series of amendments. These would remove as grounds for divorce a six-month separation by mutual consent.

These amendments, which the bishops' conference publicly denounced as having inspired, hark back to a Bill proposed by an earlier Christian Democratic Justice Minister dropped by Señor Adolfo Suárez in Sep-

tember last year when he brought in Señor Fernández Ordóñez to get a modern divorce Bill on the statute book.

The Catholic hierarchy has come under sharp criticism for its latest attitude after having adjusted to the inevitability of a modernization of Spanish society in numerous other fields.

Advertising campaigns, conferences and pressure on MPs have all been used in recent months to swing Catholic opinion against the divorce Bill. Participating in one such conference at the weekend, a Madrid theology professor gave this warning: "God has created the institution of marriage. To separate marriage from the dictates of natural law is to allow oneself to be caught up in the temptations of bestiality."

£8m pledged for Asia and Pacific development agency

From Neil Kelly
Bangkok, March 16

More than \$18m (£8.13m) were pledged today to the United Nations Economic and Social Commission for Asia and the Pacific (Escap) for the current year. The Netherlands (\$6.5m) and Japan (\$4.3m) were the largest donors. Japan also presented a \$1m computer centre.

West Germany pledged \$1.9m, Australia \$1.25m, Sweden \$1.1m, France \$879,000, and Britain \$228,000. Britain's delegate told the session that the contribution this year to the United Nations Development Programme (UNDP), which gives funds to Escap, would amount to £17.5m.

The United States said it pays 25 per cent of the United Nations total annual budget from which Escap draws its ordinary budget, and 17 per cent of the UNDP budget. Money pledged today covers Escap's operating budget. Hundreds of millions more pounds are being spent by individual governments and United Nations agencies on projects in which Escap has some role.

Escap attempts to create "more food and less poverty" in countries ranging from Iran to Japan and from Mongolia to the Cook Islands.

Escap's thirty-seventh annual session, now in its second week, provides a glimpse of its enormously varied work. In one discussion, landlocked Nepal asked Escap to investigate means of improving cargo services which are vital for exports.

In the same discussion, the delegate from Bangladesh said his Government was looking for a better bullock cart, as non-

motorized vehicles would be needed in his country and others in the region for some time to come. Escap, he suggested, might be able to find an improved model somewhere. Escap provides information, consultation and training. It does not provide capital, but has a hand in attracting funds for development, and it organizes international assistance to reinforce development efforts of individual nations.

Sometimes it is criticized as a "successful bureaucratic duplicating machine". There has been some of that criticism at this session.

Mr Francis Bugoto, Foreign Minister of the Solomon Islands, said that he spoke as a Pacific Islander who had seen Escap papers pushed around offices "without knowing what the word meant". It was high time, he said, that people in the Pacific knew what Escap meant and felt its impact on their lives.

Energy problems and their effect on the lives of 2,500 million people in the Escap region have dominated the annual session, but delegates from the 43 member nations have also turned to other difficulties.

Drought, erosion, water-logging and salinity are threatening to create deserts in the lands of 300 million people in Asia and the Pacific.

Although Escap's goal is to double the region's per capita income by the year 2000, social issues and human well-being are emphasized in development programmes.

There may soon be a post created in the secretariat to guard the interests of women who often provide cheap labour for building and agriculture.

Rise in marriage age planned

Bangladesh strives to cut population growth

From Trevor Fishlock
Dacca, March 16

Bangladesh, one of the world's most densely crowded countries, is planning to raise its marriage age as part of its largest and most comprehensive drive to bring its population growth under control.

Women can marry at 16 and men at 18 at present, and three quarters of women have their first child by the age of 17. The Cabinet is now framing legislation to raise the legal age of marriage to 18 for women and 21 for men. It is hoped to have the law enacted in the next session.

A doubling of food production and a considerable decrease in population are the Government's most pressing objectives. These are a simple matter of survival for a country where nine tenths of the people are rated as poor.

In less than a generation the population has doubled to an estimated 90 million. The country is essentially a chronically flood-prone river delta of 55,000 square miles, smaller than England and Wales (58,000 square miles). Projections of the country's population by the end of the century vary from 143 millions to 170 millions.

Such forecasts appal the Government. It wants the population to be held well below these estimates. President Ziaur Rahman, who heads the National Population Council, has called for an unprecedented national effort to slow, and then halt, the growth.

He wants to see 100,000 men and women volunteering for sterilization each month, to reduce population growth from 21 per cent to a half per cent. He wants the targets set in the five year plan to be achieved in three years.

Aid agencies and others in Bangladesh doubt that even two thirds of the targets will be reached. But there can be no question of the Government's determination in its birth-control drive and for a conservative Muslim country—its boldness.

The President, the father of two sons, never ceases to hammer the message that "two is enough" during his frequent helicopter trips from Dacca to the villages. The slogan is repeated in the newspapers every day, in radio and television programmes, and by the

thousands of family planning field workers, administrators and village councillors who have been told to involve the entire population in the campaign. President Zia knows that in such a religious country any objection from religious leaders would be damaging. Fortunately, the President has been able to harness the power of the Koran which indicates that family limitation is permitted in certain circumstances. This reassurance is being spread by

Religion apart, it is not easy to change a tradition of large families when children represent free labour.

"It takes time to educate people, a district officer said. "At first, they are the point of having only two children, in the same way that they want to know the point of teaching children to read and write."

Women are more enthusiastic about family planning than men. But one of the problems is that in some areas demand for tubectomy and vasectomy has outstripped the availability of medical services.

Dr Muhammad Martin, Minister of Health and Population Control, said there was no time to send doctors on courses to learn how to do the operations. Instead, doctors who have been trained to do them are being sent all over Bangladesh to perform sterilizations and, at the same time, teach local collectors the techniques.

The population control programme has suffered in the past because field-worker training and practice has been inadequate and because supplies of contraceptives have not been universally reliable.

Dr Martin hopes that these faults have been cured. "We are much better organized now, with more people involved and a more efficient supply system. We feel the targets can be reached because they are reasonable ones. There are 68,000 villages in Bangladesh and if only two people come forward from each one, each month, we will be well ahead of target. The programme is voluntary and there is no pressure on anybody."

Police radio networks will be used in remote districts to ensure the message that "two is enough" during his frequent helicopter trips from Dacca to the villages. The slogan is repeated in the newspapers every day, in radio and television programmes, and by the

Uganda puts ban on four critical papers

From Our Correspondent
Nairobi, March 16

Four weekly newspapers which have openly criticized the ruling Uganda People's Congress have been banned by the Ugandan Government.

The ban affects the *Citizen*, *Economy* (published in English), *Afrika* and *Mulengera* (published in Luganda).

No statement on the ban has been made by the Ugandan Government but formal orders have been served on all four newspapers, signed by Mr John Lule, Minister of Internal Affairs.

Uganda Radio today quoted another minister, Mr Peter Ota, as criticizing local newspapers for reporting incidents of murder and looting by Ugandan troops. The most recent report on the subject, however, was published in the Government-owned *Uganda Times*.

The end of the Amin regime in Uganda two years ago saw the emergence of a number of outspoken independent papers. The newspaper bans may be raised in the first session of the new Parliament, which began meeting today.

Inquiry will try to do justice to Aboriginal laws

From Our Correspondent
Melbourne, March 16

The Australian Law Reform Commission begins this week an inquiry into reconciling traditional Aboriginal law and Australian law.

The commission will inquire into the extent to which Australian law should accommodate Aboriginal law and the extent to which Aboriginal communities should be able to apply traditional law and punish themselves.

The commission will examine such questions as whether traditional punishments such as killing and spearing, should be allowed; whether arranged marriages between young girls and older men should be permitted;

The commission also wants to hear from Aborigines on aspects of tribal law which should be recognized by Australian law. Mr Bruce Bebb, who is in charge of the inquiry said yesterday how Aboriginal communities could maintain law and order themselves.

THE ARTS

Gainsborough surprises and delights the French

Gainsborough
Grand Palais, Paris

Rainer Fetting
Anthony d'Offay

Franz-Gregor Hiltner
Edward Totah Gallery

"The exhibition has already been shown at the Tate Gallery, London," blundily observes the catalogue of the big Gainsborough show now in Paris at the Grand Palais (until April 27). But only in a manner of speaking, one must add. In fact and in effect, the London and Paris versions are quite different exhibitions. The London version was arranged on the principle, that since the famous portrait masterpieces were readily available in London already, at Kenwood, Dulwich, the National Gallery or, a few rooms away, in the Tate itself, it was not necessary to borrow them, or even move them, for the exhibition.

There are two arguments against this: the immediate, practical one that if you had, say, just one day to give Gainsborough, you would be very hard put to it to take in Dulwich and Kenwood as well; and the subtler but equally telling one that a show, especially if, as in this case, it is the first major one within living memory, should take nothing for granted, but establish within itself its own structure and its own priorities. There is little point in playing Hamlet without the Prince of Denmark, even if you do presume that everyone knows it backward and forward.

Luckier, then, the French than ourselves, in that no great prior knowledge of Gainsborough is assumed on their behalf, and consequently the show has been completely rethought to put the acknowledged masterpieces back in their rightful central position. Paris has created the extravagant overbalance in London in favour of the landscapes, which, excellent though many of them are, and fascinating though the chance to see so many of them was for the art historian, are really peripheral to Gainsborough's main work.

In figures it works out something like this: London had 98 oils, of which 53 are not shown in Paris; Paris has 77 oils, of which, obviously, 32 were not included in London. Of the 51 drawings in London, 25 have been eliminated and replaced by 11 newcomers; two original engravings by Gainsborough were shown in London, of which one has been elimi-

nated for Paris and three added, in addition to seven engravings by others after lost Gainsboroughs which only Paris is seeing.

The whole effect of the exhibition is very different. To begin with, everything is much lighter and airier in Paris where the show has the grand suite of rooms on the first floor of the Grand Palais (leaving the Pissarro from the Hayward, surprisingly, to be lined up unappealingly in the grimy rooms on the two upper floors). Consequently the paintings have much more room to breathe than in the dark-walled setting created for them at the Tate, and it is not surprising that all the French critics seem to be gyrating in their praise of the lightness, grace and fluidity of Gainsborough's art. But then it is not only the setting which gives that impression. Most of the darker, stodgier landscapes have vanished, and in their place are some of the most delicious early figures-in-landscapes, such as the National Gallery's *Robert Andrews and His Wife Frances* and *John Plummer*, reclined easily on a low branch attended by a large dog, or the Mellon Collection's wonderful *John and Ann Gaver* and their daughters *Ann and Elizabeth*, a bit of a risk and a ciron in a corset.

Later on, there is Kenwood's stunning *Mary, Countess Howe*, a virtuoso piece (especially in its exquisite rendering of the lacy overskirt against the pink of the dress itself) which does not seem to be so because the emphasis on the character of the subject is so accurately placed, and Southampton's almost absurdly English *George Vernon*, a new image in Gainsborough's mature style of man, tree trunk and attendant bound (rather oddly reversed in the catalogue). Indeed, French supporters of the English character may well be strongly reinforced by this congregation of pictures in which soft and sentimental-looking chaps are embracing or being embraced by their doggy companions—the most extreme and I would have thought the most touching example of this, *Henry Third Duke of Buccleuch* wrapped lovingly round a peculiarly demented-looking mutt, was incomprehensibly found vulgar by at least one French critic, which must surely represent some deep division between the respective national characters.

Prejudices reinforced or no, the show seems to have been an unqualified triumph in Paris. Attendances, for a start, have been far higher in Paris than in London. The show has been universal in their enthusiasm, falling over themselves in their eagerness to explain that of course they know Gainsborough from their visits to England, but accepting that by and large Gainsborough has been up to now very much an unknown quantity for their readers. There has been also a

lor of emphasis on Gainsborough's romantic qualities: the dreamy atmosphere of his paintings, the intensity of the sensations they convey, the feathery, proto-Impressionist lightness of his touch. Most of the French critics have, quite rightly, disregarded the canny, frequent warnings that this or that painting is unfinished. In a sense it is no doubt true—possibly even Gainsborough regarded them as such—but then there are so many of them dating from all through his career that he kept about him in this state or belatedly, unwillingly let out to patient sitters; one must suppose they were as finished as he wanted them to be, and it was merely the convention of the period which imposed the notion that they were still unfinished. In London the show administered a few salutary shocks; in Paris the revelation is complete and unarguable.

Meanwhile, back in London there are two curiously contrasted shows by young German artists, both of whom are 31. Up to now, Rainer Fetting has created rather more stir: this year already he has been included in the Royal Academy's *New Spirit in Painting* show, and the Goethe Institute's *10 Artists from Berlin*, and now he has a one-man show in Anthony d'Offay's newer gallery at 23 Dering Street (until April 10). This is the first time the gallery has been used for paintings, and it must be said that it is a beautiful space, which would probably make almost anything look good. However, Fetting does not really require adventitious aids of that kind: he is a strong colourist who goes straight for the bold gesture, and even in the rather confused surroundings of the Royal Academy show his work stood out.

He belongs to a loosely defined group of new German painters who might be classified as neo-expressionists. Hildeke, about whom I was writing from Berlin a couple of weeks ago, seems to be the senior and most influential member; Fetting's work is closely related, but carries the violence implicit in Hildeke several stages farther. His mildest works are a series of shower scenes of intense dynamism and a controlled savagery of colour; otherwise typical works are a series of paintings on the subject of *Man and Axe*, virtually identical except for changes of colour, and another series, the second of which is shown here, entitled *Another Murder at the Amel*, reflecting on the side of New York life rather similar to that exploited in the film *Crisis*. In himself, Fetting proves to be (not surprisingly) serious, mild-mannered and conventionally suited: no doubt art often goes by contraries.

The other German artist on view, Franz-Gregor Hiltner, who has a one-man show at the Edward Totah Gallery, Floral



Thomas Gainsborough: Mary, Countess Howe

Street, Covent Garden, until March 29, represents something close to an opposite view of what art is all about. Instead of the bold brushwork and large areas of vibrant colour, Hiltner goes in for very pale canvases (actually sacking stretched, American-Indian style, to a framework made of straw branches) covered with small hieroglyphs and conventionalized outline figures of men,

animals and birds. Since he has been, this past year, on a DAAD grant in Britain, his work, while retaining these American-Indian associations, has been taking in elements of subject-matter and visual detail which seem linked, rather, with the primitive Celtic world. Though some of his paintings are quite large, he remains fundamentally a minimalist who works by accretion, load-

ing his compositions with signs and symbols until we are left with a kind of palimpsest of inscriptions in forgotten languages and evocations of unknown rites. If Fetting immediately attacks our senses, Hiltner sneaks up on us through the collective unconscious; it remains to be seen which effect is the more lasting.

John Russell Taylor

Bianca e Fernando
Queen Elizabeth Hall

Hilary Finch

At the dress rehearsal in April, 1828 of the first performance of *Bianca e Fernando*, a completely refurbished second version of his second opera, Bellini announced that he was planning his hopes for the evening on the three cavatinas and finale of the first act, and the duet and two scenes of the second.

And since the entire interest of this work, weak in both dramatic structure and characterization, lies indeed in its set pieces (and, to some extent, in its spotting with bird-like fingerprints of the later Bellini we know and may love) it was sensible of Pro Opera, in conjunction with the Donizetti Society, to give a concert performance as its first British showing, and incidentally to provide such unusually comprehensive and well-planned programme notes.

But was it sensible to revive the work at all? So generally crude is the orchestration, so inept the choral writing, so stillborn, for the most part, the work certainly needs directing with more confidence and panache than Leslie Head was able to bring to it on Sunday, if it is to woo more than the staunchest Bellini groupies.

Pacing and tempi, especially in recitative and ensemble should have been far tighter and more decisive: too often the orchestra's slingers weighed down the brave athleticism of even the best singers, while the London Student Chorus as a well enough drilled chorus seemed bored to tears.

Things did get better in the second act. With a moderately moving duet and at least three memorable arias, each principal singer was able to confirm and amplify the skills which, in Sunday's comparatively strong cast, had already helped to make Act 1 reasonably tolerable.

Sandra Hahn made her London opera debut as a winningly ingenious Bianca, her unforgotten radiant pure soprano not quite strong enough yet at the top to meet all Bellini's demands. She grew throughout the role, though, as did Michael Lewis as the villain Filippo. Something of an expert on the opera's original tenor, Rubini, Bruce Brewer brought to the part of Fernando quite unequalled and unflagging stylistic and technical richness: his burlesque, sly, always idiomatically singing, with a particularly distinctive head voice gave us our only glimpse of the operatic ambience of a time in which Bellini could write "opera, through singing, must make one weep, shudder, die".

Book review

An inclination to the great Pole

Chopin Playing
By James Methuen-Campbell
(Gollancz, £14.50)

James Methuen-Campbell has not vied with critics like Harold Schonberg and Joachim Kaiser in writing just another book about pianists. Believing Chopin's music to have played "an especially significant role in drawing together musicians and music-lovers from all parts of the world", while at the same time remaining open "to a wider variety of successful interpretations than that of any other great composer, with the possible exception of J. S. Bach", he has preferred to concentrate on just those artists with a special leaning towards the great Pole. First he examines Chopin himself at the piano, and such famous contemporaries as Liszt, together with their pupils and disciples. He then divides the ever widening circle of Chopin players into national schools carried right through to the younger generation today.

Descriptions of older artists might lead the unsuspecting reader to imagine the author an octogenarian at least. In fact Mr Methuen-Campbell is still a very young man, one who has not only made it his business to ascend practically every piano recital of note since the opening of the South Bank, but also to read widely, to interview countless players and teachers with longer memories than his own, and last but not least to track down almost every recording of Chopin's music ever made, however primitive the means or obscure the source. His detailed discography at the end is invaluable: it tempted to question Mr Methuen-Campbell's personal judgments (as everyone in this subjective field is bound to at some point or other) at least the reader knows exactly where to go to put any specific issue to the test.

Evaluations and conclusions are inevitably fraught with contradictions. So many artists born in one country have studied or lived in another, up setting nationalist pigeon-holing. As for pin-pointing the "ideal" in Chopin playing, here there are even greater difficulties arising from the many facets of the music, the more demonstratively heroic of which were the composer himself, renowned for his exquisite delicacy and



finesse at the keyboard, could not sustain—and incidentally no one has better conveyed the quizzicalness of Chopin's own playing than Schumann in an unforgettable description of *A flat major* study, Op. 25, No. 1, heard as if from some magical Aeonian harp in a dream (unfortunately not quoted in this book). Yet from the cornucopia of styles and names, Mr Methuen-Campbell chooses the Slavs as the most generally sympathetic to the music-at-large. He also singles out (in order of birth) Pachmann, Michalowski, Rosenthal, Cortot and Korczak, three of them from the land of Chopin's birth, one from the country of his adoption, as the five artists who through direct links with pupils and friends, have probably come closest to the composer's own style at the keyboard.

Very thoroughly researched and annotated as it is, the book would have benefited from a little weeding, as Sterndale Bennett remarked of the piano concerto by the 16-year-old Clara

RPO/Weller
Festival Hall

Paul Griffiths

It was not a night for musical exquisites. As if *Sheherazade* were not sufficient a feast of the flashy and showy for one programme, Walker Weller and the Royal Philharmonic chose to begin their concert on Sunday evening with *Till Eulenspiegel*. We certainly needed the lesson of Liszt's second piano concerto, played between these monsters, that the beautiful must inevitably come with its own embarrassment of banality. The Liszt was also welcome in other ways. Its scoring seemed a masterpiece of delicacy, and this was due not only to the context but also to Gerald Chasman's willingness to let the solo part become an accompaniment when necessary. Particularly in those passages where he was alone with an oboe or a cello, he showed the sensitivity of a true musician, though indeed there was a pleasant lack of egoism throughout his performance, a disinclination to accept the obvious role of piano virtuoso. The grand charges up and down the keyboard were not flashy, but tight, disciplined and thoroughly exhilarating. The march of the *Finale* was cleaned of its strut, and every where Mr Obissou did what he

could place his virtuosity at the service of purely musical brilliance, producing marvels of stardom in the upper register, shimmering effects of pedal resonance, and bursts of speed when his fingers danced over the keys in a haze.

Mr Weller also managed things of singular beauty where one might have thought the possibilities fairly limited, as when he had a slow waltz echoing through deserted ballrooms at the start of the work, and he said much the same in the Strauss and the Rimsky-Korsakov. Without quite apologizing for these pieces he kept them well under control, enough to remind one that *Sheherazade* is some kind of a symphony and that *Till* is a troubling inventory of ways to vary a scene so that it sounds equally apt on every instrument in the book.

With so much close scrutiny of the orchestration here it was a pity the woodwind could not always keep exact time, but in *Sheherazade* the entire orchestra was as one in following the precision of Mr Weller's beat and filling out the details of an interpretation that was as always edgy and nervous as sumptuous. Rather as in Borodin's *Prince Igor*, on which Rimsky had been working at the time, the exotic became barbarous and bizarre: a pungent banquet, for once, instead of interrupted Turkish delight.

LPO/Lopez Cobos
Festival Hall

Joan Chissell

Though we have recently had generous views of Musilav Rostropovich on the rostrum, four long years are said to have elapsed (hard as it is to believe) since he last faced London concert-goers sitting down, with his cello. He made his return on Sunday afternoon with the LPO under Jesus Lopez-Cobos, not in a best-seller but the infrequently heard Sinfonia Concertante dedicated to him by Prokofiev the year before his death.

Mr Rostropovich's affection for the work is understandable. It was his playing of the cello concerto from which it grew that led Prokofiev to develop it into Sinfonia Concertante. He was at the composer's side throughout the summer of 1950 when the metamorphosis began, and he gave the Moscow premiere in 1952. In lesser hands it could easily sound too long, its material not Prokofiev at his most memorable either in grotesquerie or lyricism. But with Mr Rostropovich as advocate, every note leapt off the page.

Technical difficulties in the central Allegro and the final variations were dissolved into child's play, despite the work's rating by Prokofiev's biographer, Nestyev, as one of the most difficult in cello literature. Still more memorable was the glorious sun-soaked tone Mr

Rostropovich drew from his instrument throughout a very wide range (occasionally extending well into violin territory), with some sumptuous double-stopping en route. Hearing him play out the cantilena of the opening Andante, and equally the extended full-hearted E major melody of the Allegro, made it impossible to understand how we ever came to allow this great cellist his four years' silence. Last, but not least, he remembered the work's title: the solo part was woven into the tapestry with scrupulous concern for orchestral incident and colour.

CREDIT CARD HOTLINES
They're Playing Our Song
SHARPTON THEATRE
DUET FOR ONE
DUKE OF YORKS THEATRE

THE TIMES
Over 55%
of Times readers
hold bank cheque
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Some of the notices on this page are reprinted from yesterday's later editions.

Rest of the world must also assist Zimbabwe

It must be up to the rest of the world as well as Britain to help Zimbabwe, Mr Neil Marten, Minister for Overseas Development, said.

Mr Dennis Canavan (West Strathgordon, Lab) had asked what recent representations had been received about further aid for Zimbabwe.

Mr Marten (Banbury, C): We are in the process of asking the Government about all aspects of our aid programme.

As regards people in this country, I have received a number of letters urging the provision of further aid to Zimbabwe and a similar number suggesting that we should have done too much.

Mr Canavan: In view of the need for a multi-million pound development programme in Zimbabwe and the fact that the Government has made at the Lancaster House conference, will the minister increase the money that the Government has made so far?

If the Treasury really is bankrupt, why not demand that the Government should contribute back to the Zimbabwe Government the millions of pounds of profit they made of the various concessions against the illegal Smith regime?

Mr Marten: The latter part of

with the former part, because we have given £75m in aid, £14m in training on education and £7m on aid trade provision, which is £96m, plus £22m forgiveness of debt relief and £33m of debt re-scheduled. We are also giving military assistance.

That is not a bad record it must be up to the rest of the world also to help Zimbabwe.

Mr. P. M. Nkomo (North-Somerset, Zim): In view of the severe difficulties Zimbabwe faces, would Mr Marten recognize it would be wise to be generous now on the basis of the Lord Soames' prospect and now it will do most good and bring the best return?

Mr Marten: Yes, I am sympathetic to the line he has taken, but we must await the results of the Commission of Enquiry into which the Lord President of the Council (Lord Soames) is going to represent this country.

Mr Guy Barnett, an Opposition spokesman on overseas development (Greenwich, Lab): The Zimbabwean Government have been told in the next three years that the job needs to be done and therefore generous aid is needed during the next three years in order that they can stand on their own feet after that.

Mr Marten: We are considering further money. This will have to await the outcome of the donors' conference, I agree that aid for the next three years is what is needed.

Mr Christopher Brocklebank-Fowler (North-West Norfolk, C):

Mr Marten : It is too soon to tell precisely how much we shall spend in aid to Zimbabwe in this financial year, but we expect the total to be about £14.5m.

Mr Brocklebank-Fowler: Would he consider making further funds available in the coming year to exciting Zimbabweans currently at school in Britain to enable them to continue their education at British universities later this year?

Mr Marten: These are matters which are under consideration.

Mr Kevin McNamara (Kingston upon Hull, Central, Lab.): The western world has a great deal at stake in the success of Mr Mugabe's government.

It is regrettable that the minister is not able to give a more positive indication of the extra aid that is likely to be given by the Government at the donors' conference.

Mr Marten: It is customary to announce the donor's conference what aid, if any, one is going to give, and not before.

More talks on flags of convenience

More foreign owned ships were registered in Britain than British ships in 1974, according to a survey overseas, Mr Reginald Eyre, Under Secretary for Trade, said.

Mr Clinton Davis (Hackney, Cen-

Mr Eyre (Birmingham, Hall Green, C1): Open registries were discussed at the last European Community

Transport, London, in November 1965, the assistance of the Federal Republic of Germany. They will now be considered further by the Council of Transport working group.

Mr Davis: What action is the British Government proposing? The Liberian shipowners are soliciting laws to resist the attack on flags of convenience.

Will he support the initiative by the Federal Republic of Germany and others to phase out the attack on British and other shipping?

Mr Eyre: Any abuses of flags of convenience should be considered in the context of the international work of the Inter-Governmental Maritime Consultative Organization was valuable in that respect.

Mr Richard (Ichen) (Southampton, Ichen, Lab): If there is another war, shall we not need our own ships?

Mr Eyre: During the period 1965-79 the open registry share of world shipping increased from 14 per cent to 28 per cent, but that has levelled off in the last three years.

There is now more foreign-owned shipping registered in the United Kingdom than United Kingdom shipping registered under foreign flags.

Registration

illustrates the fact that substandard ships can join the British register. When is the law going to be changed to ensure that permanent and provisional registrations are subject to inspection upon inspection and survey?

Mr Eyre: The review will take account of all the considerations he mentions.

Transfer payments

Mr Leon Brittan, Chief Secretary to the Treasury, in a written reply, on 13.8.81 it is estimated that transfer payments of all kinds will account for some 44 per cent of the public expenditure planning total.

Mr Leon Brittan, Chief Secretary
to the Treasury, in a

written reply, said: In 1980-81 it is estimated that transfer payments of all kinds will account for some 44 per cent of the public expenditure planning total.

Cricket

West Indian bowlers want to be a hit with the bat as well

From John Woodcock
Cricket Correspondent
Bridgetown, March 16

With less than five weeks of the tour of the West Indies remaining, the chances are that Ken Barrington's place as assistant manager will not be filled, though a final decision on the matter may be made for a day or two. Barrington's main cricketing function, in which he involved himself so wholeheartedly, was to organise the team's practice. Alan Smith, the manager, and Geoff Miller, the vice-captain, will now do more of that.

Also out here until the end of the fourth Test, which begins on Saturday, are Peter Lush, one of the assistant secretaries of the Test and County Cricket Board who can lend an administrative hand, and the wicket-keeper, Charles Elliott, who, as Barrington was, is an England selector. Alec Bedser, chairman of the selectors, will be in the presence of tour management, is due to leave for home at the end of the week after a fortnight in Barbados.

Should it be decided that further help of a coaching kind is needed, Don Wilson, who has been bowling in the nets here, or Ray Lillingworth, who is also in Barbados to watch the third Test match, could be asked to stay on. Wilson is a school cricket coach at a boarding school at Lord's. David Brown, now Warwickshire's manager, is another possibility. The wicket-keeper, Charles Elliott, who, as Barrington was, is an England selector. Alec Bedser, chairman of the selectors, will be in the presence of tour management, is due to leave for home at the end of the week after a fortnight in Barbados.

The two captains, Ian Botham and Clive Lloyd, both paid tribute to Barrington this morning. Referring to him as a very close friend and a bowler who had given him such encouragement, My own view now is that England will do well to take the match beyond mid-afternoon on Wednesday.

Asked how he felt, his own batsman would fare against Croft, Garner, Holding and Roberts on this Kensington pitch, Lloyd said it would be "interesting" to find out. At the end of the pressure series there may be a match along these lines, played in Jamaica, provided the right sponsorship can be found. The idea is to have a match between the two sides in a total of 250 and for the batsmen to try to do better to 50 overs.

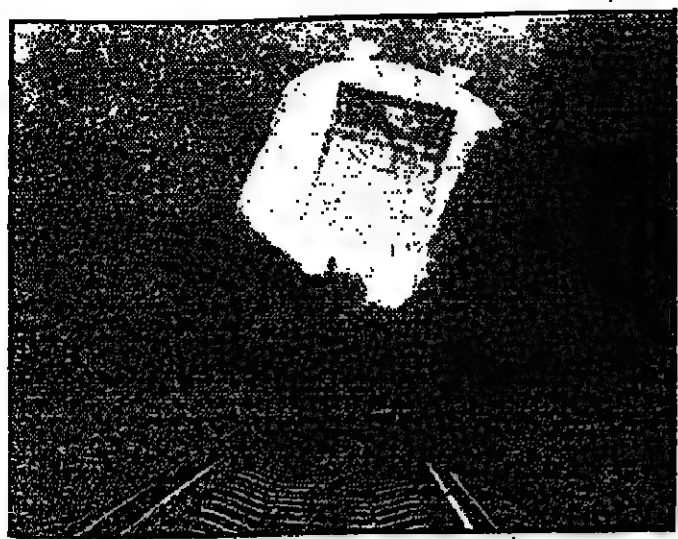
It would have given England's batsmen a very real test, against a bowler who has been playing in the West Indies fast bowlers, no pleasure to hear Lloyd say that the pitch at Sabina Park was "a challenge" match would be played in faster than the one on which England were bowled out on Saturday for 22.

What Sabina Park does have, though, is a truer, less-perpendicular bounce, which should make batting there a genuine speed 3 less perilous business.

Test match scoreboard

WEST INDIES: First Innings, 246

1. J. Garner 47, 2. G. Miller 47, 3. J. L. Wright 31, 4. G. Miller 31, 5. J. Garner 31, 6. G. Miller 31, 7. J. Garner 31, 8. G. Miller 31, 9. J. Garner 31, 10. G. Miller 31, 11. J. Garner 31, 12. G. Miller 31, 13. J. Garner 31, 14. G. Miller 31, 15. J. Garner 31, 16. G. Miller 31, 17. J. Garner 31, 18. G. Miller 31, 19. J. Garner 31, 20. G. Miller 31, 21. J. Garner 31, 22. G. Miller 31, 23. J. Garner 31, 24. G. Miller 31, 25. J. Garner 31, 26. G. Miller 31, 27. J. Garner 31, 28. G. Miller 31, 29. J. Garner 31, 30. G. Miller 31, 31. J. Garner 31, 32. G. Miller 31, 33. J. Garner 31, 34. G. Miller 31, 35. J. Garner 31, 36. G. Miller 31, 37. J. Garner 31, 38. G. Miller 31, 39. J. Garner 31, 40. G. Miller 31, 41. J. Garner 31, 42. G. Miller 31, 43. J. Garner 31, 44. G. Miller 31, 45. J. Garner 31, 46. G. Miller 31, 47. J. Garner 31, 48. G. Miller 31, 49. J. Garner 31, 50. G. Miller 31, 51. J. Garner 31, 52. G. Miller 31, 53. J. Garner 31, 54. G. Miller 31, 55. J. Garner 31, 56. G. 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The advanced passenger train at speed.

A rough ride for the tilting train

Will the latest setback to British Rail's 160 mph Advanced Passenger Train (APT) finally spell the demise of this potential worldbeater that obstinately refuses to come right?

The tilting aerodynamic train that was to revolutionize BR's inter-city service in 1978 has been delayed repeatedly by one technical fault after another and the best achievable deadline for entry into passenger service, May 1986, is now pushing uncomfortably close to the requirement for new stock for newly electrified inter-city services—assuming, as everyone now does, that the Government will shortly approve BR's massive £1,000m bid for electrification of 80 per cent of its main lines—in the mid-eighties.

The APT is the much more advanced, electrified successor to the fairly conventionally-engineered High Speed Train (HST) already in service on the East Coast and Western main lines. Though both are now restricted for commercial reasons to 125 mph in service (the APT was designed for twice that speed) the HST would in practice take half an hour longer from London to Glasgow because of its slower acceleration and cornering.

Abandonment of the APT now and its replacement by a hurriedly cobbled-together electric version of the HST would be a severe blow to BR's inter-city competitiveness against air travel in the late '80s and '90s. But if the latest problem—the danger that approaching APTs locked at full tilt might collide at certain pinch points along the track—were not soluble it would indeed be the end of APT, safety being the *sine qua non* of rail travel.

There seems no reason why this latest problem cannot be quickly solved given adequate engineering input. But that is

where doubts arise. Will that input be provided?

This train has had its opponents from the start, when conventional railway engineers were suspicious of the bright young men from aerospace who pioneered the new project. It was a case of engineer versus scientist, and HST versus APT.

But in the mid-seventies, some of APT's best ideas were incorporated into HST, greatly improving that vehicle; APT was handed over to the engineers for final development; and the doubters among operating and commercial staff were (apparently) finally converted to APT. It looked as if this strange new baby was finally accepted as part of the BR family.

But the way new problems keep arising and taking an unconscionable time to solve, suggests that there are still serious doubts about APT whatever British Rail may say.

Clearly the train is a remarkable advance—the biggest single step ever taken by a railway, British Rail happily boasted some years ago—bristling with operation as well as engineering problems.

So even when the engineers eventually get the nuts and bolts right, there will remain the formidable burden of passenger acceptance of a train that tilts like a toboggan as it hurtles round bends. Have British Rail tried to go too far too fast? Or alternatively, have they failed to provide the engineering input and commitment that so large a step required?

British Rail have put an awful lot into APT and left a suitable alternative dangerously late. But the option of a more conventional fast electric train for the late eighties has to be looked at seriously in the light of APT's alarmingly recurrent setbacks.

Michael Bailey
Transport Correspondent

Johannesburg
This election will be the most veritable (hardly) ever fought in South Africa, remarked Dr Connie Mulder, former Minister of Information and now leader of the small but rapidly expanding National Conservative Party (NCP). "This time the challenge to the Government is clearly coming from the right and not from the left."

Few observers would disagree that the real contest in next month's general election will be between the ruling National Party and the white supremacist parties to the right of it. Mr Pieter Botha's Government has already moved sharply to the right in an attempt to fend off this right-wing challenge. "It is a contest between the *verkrampies* and the *super-verkrampies*", remarked one commentator. "The Progressive Federal Party will hardly get a look in, even though it is the official parliamentary opposition."

Lined up against the National Party is a formidable array of right-wing forces. The most important is the Herstigte Nasionale Party (HNP) led by Mr Jaap Marais, a brilliant orator and equally skilful party organizer. The HNP is putting up 32 candidates and a third right-wing organization known as Akkie Els Toekoms (Action Own Future), which was formed a month ago by a group of disaffected right-wing academics, will put up two candidates.

Ranged behind these parties are right-wing extremists groups which have been responsible for bombing the offices of liberal Afrikaner academics and targeting and feathering a radical pressor. Although there is no direct link between these extremist groups and the right-wing parties, their activities have demonstrated to the Government the strength of the right-wing backlash.

The HNP, NCP and the right-wing academics share two beliefs. The first is that the "integrationist" policies being followed by the present Government will lead inexorably to eventual black majority rule—a situation which the overwhelming majority of South African whites wish to avoid.

The second is that they believe themselves to be the true upholders of National Party principles as laid down by the original founders of the country's apartheid policy. They maintain that Mr Botha (and Mr John Vorster before him) is responsible, largely as a result of international pressure, for leading the party away from its chosen path.

A right-wing backlash has been forecast ever since the HNP broke away from the National Party in 1969, but until now it has never materialized. During the 1977 election the party received only 34,000 votes compared with 689,000 for the National Party and it has yet to win a parliamentary seat. However, a swing of between 20 and 30 per cent in the by-elections has made the party confident that there is an unstoppable groundswell of

It was inevitable that the Moscow Olympics, like all those quadrennial meetings, would produce a substantial harvest of books. Most of them, of course, deal with the contest itself, describing and recording the running and jumping and swimming and throwing. But it was no less inevitable that these particular Games, which in the nature and significance of their non-athletic aspect could compare with only one previous Olympic gathering, would lead also to a very different kind of study.

So indeed they did, and the result lies before me: Christopher Booker's *The Games War* (published by Faber at £5.95). Mr Booker went to Moscow for the Daily Mail, which newspaper, in common with others that had editorially supported the boycott

(and no British daily or Sunday did so more vigorously or consistently), is in something of a difficult position. If, as the Mail did, you declare for months on end that no decent person ought to set foot in Moscow for the totalitarian *Sportfest*, while the aggressors remained in Afghanistan and threatened Poland with invasion, you are in no difficulty if the boycott works and the Games are called off.

But as we know, that did not happen. The Mail was then in the position of having to choose between its principles and its sales; if it had refused to cover the Games, its rivals would have been able to steal a march on it, but if it sent its reporters what became of its admirable stand and its advice to the athletes? Much could be done (and, as I recall, was) with the argument that it is a newspaper's duty to report what happens, and that this does not imply approval; but it was perhaps felt that this was not quite enough. So in addition to its excellent sports writers the Mail engaged Mr Booker to go to the Olympics and write about the Games, thus neatly inverting the old plot in which the fallen girl's immoral earnings pay for her virtuous sister's piano lessons.

As it turned out, the Mail's Ian Wooldridge, who had been opposed to the boycott, rose to the occasion in a notable manner (as anyone who knew his work would have expected, incidentally); it was his first dispatch from Moscow, that nearly got the paper's team thrown out, not Mr Booker's. But the provenance of this book is unimportant; what matters is that the Mail had the wisdom to send its author to the Olympics with a simple brief: "Just record impressions of whatever catches your eye." Mr Booker, interpreting this to mean what ever caught his eye, his ear, his mind and his spirit, did the

South Africa goes to the polls on April 28. Will the right-wing backlash reported by our Southern Africa correspondent Nicholas Ashford bring gains for the hard-line supporters of apartheid?

white opinion against Mr Botha's administration. "People are leaving the National Party in droves", said Mr Marais in an interview. "There is one national cry among whites and that is that the Government is selling us out. They are only concerned about blacks and are doing nothing for whites."

The swing to the right is strongest among blue collar workers, particularly mine workers (several senior officials of the mine workers' union are standing as HNP candidates), and among farmers who are worried about the Government's plans for consolidating black tribal homelands.

Mr Marais displays the same sort of messianic zeal and oratorical skills at election meetings as the Rev Ian Paisley does in Northern Ireland. And he is equally adept at exploiting the fears and prejudices of his white supporters. His language can often be offensive. "This is the biggest Kaffir-bait (Kaffir=black) government in the world", he told a recent election rally.

Mr Marais attacks the Government on three main issues. First he is violently opposed to the fact that South Africa supplies food and other essentials to countries like Zambia and Mozambique which harbour anti-South African guerrillas. "People find it incomprehensible that we go on helping these countries while over 700 of our boys have been killed on the border and our defence budget is over 2,000m

lands (£1,200m) a year." His solution is to cut off all supplies to black states, and if that does not work, to bomb them into submission. That way, he believes, the white man in Africa would regain the self-respect which he has steadily been losing ever since states to the north started getting their independence.

His second criticism is against the changes in petty apartheid and the introduction of other social reforms which blacks have denounced as being "cosmetic". The Government, he says, is gradually abolishing those measures which led to the creation of separate facilities and is promoting integration instead. "This is getting under the skin of people." He is opposed to multi-racial sport, the opening of hotels and restaurants to blacks, the removal of job reservation and the establishment of black trade unions.

"The general intermingling of races is now being extended to the political sphere", he says. The establishment of the tri-racial President's Council, in his view, is a "glaring example of how far the Government is committed to integration."

Finally, Mr Marais is opposed to the Government because of its economic policies. "Money is being taken from ordinary whites, transferred to blacks and then turned into profits for big concerns. In this way the Government is achieving its aim of economic equality between blacks and whites. This will be followed by social equality and ultimately by political equality", he argues.

Dr Mulder shares many of the HNP's misgivings about the direction of Government policy but, having been exposed to international opinion when he



Jaap Marais: he has a solution.

was a minister, couches them in more diplomatic language. His main concern is that whites will be "swamped" by the increasing number of blacks living in urban areas—what he describes as a "creeping black death".

The only way to avoid this, he says, is for each race to maintain its separate identity in its own area. The problem of the urban blacks could be overcome, he suggests, by transporting them to work in white cities each day by high speed train and then dispatching them back to their homelands again each evening—"just like commuters in England or America".

By trying to move too fast Mr Botha has "messed up everything that the National Party had achieved during the previous 25 years", he says of his former Cabinet colleague, who only narrowly beat Dr Mulder in the contest for Prime Minister in 1978. "He's going to receive the surprise of his life in this election."

He rejects accusations that his aim is to split Afrikanerdom, for long considered the ultimate haven by the country's ruling Afrikaner elite. He blames deviantist National Party policies for provoking such a split. He foresees white politics moving away from the traditional basis of Afrikaner versus English-speakers to a straightforward right-left confrontation.

The last test of the extent of the right-wing swing among white voters will take place in the huge Waterberg constituency where Mr Marais is challenging the present incumbent, Dr Andries Treurnicht, Minister of State Administration and standard bearer for the powerful *verkrampies* group within the National Party. Most outsiders would be able to detect little difference between Mr Marais' white supremacist views and those of Dr Treurnicht. But according to Mr Marais this contest will show who is "the true representative of Afrikaner nationalism".

The man who saw through Moscow

Bernard Levin on a fine reporter's view of the Olympic Games

Now it was obvious that they had been heavily made up for the cameras. Many were smoking. Their "traditional" costumes, which from afar had looked like broadcated satins, velvets and silks, turned out to be nothing more than modern affairs, made of artificial fibres. Apart from the high cheekbones and narrow eyes of the Uzbek and Kirghiz, they reminded me of nothing so much as a crowd of extras from some costume spectacular, standing round a canteen at the BBC Television Centre.

A few seconds later, he turned the corner, "to be greeted by one of the most astonishing sights I have ever seen."

On each side of the road ahead of us, making a lane only a few yards wide, stood thousands of soldiers, literally shoulder to shoulder. Each of them was staring ahead of him with a fixed, grim expression—and behind them, in groups, stood hundreds more. As we began to walk that gauntlet of stares, the most eerie thing of all was the complete silence. No one was uttering a word. The only sound was the shuffling of feet. Russians around me, as we walked on towards the metro station, the book is full of such tiny, sharp portraits; it is also full of the excitement of the contests themselves (which were marred by blatant political cheating on the part of the Soviet judges and officials whenever the opportunity arose), and of such bizarre meetings of sport and politics as this:

One of the events the Soviet Union was most confident of winning was the football competition. The grand climax, the final, was scheduled as the last major sporting event of the Games, in the Lenin Stadium on Saturday afternoon. Last night, however, something un-

toward happened. In the fifteenth minute of a semi-final, a bad mistake by a Soviet footballer allowed the East Germans to score the winning goal. As Ian Wooldridge... put it, "it was quite extraordinary—the Soviet commentator appeared to see neither error nor goal. He just talked on in a flat, even tone, as if nothing had happened..." Later in the evening, as the Radio Moscow commentator on television summed up another day of keen competition, there was somehow no mention of the fact that East Germany had knocked out the Soviet Union. The entire football competition had become the sporting equivalent of an "un-person".

Such items are more than good reporting which brings home to the reader what happened; they demonstrate, more clearly than would pages of polemic, the extraordinarily Martian quality of life in the Soviet Union. But it is what lies beneath the weird, unreal surface that gives Mr Booker his opportunity to turn his book from an excellent first-hand account of a visit to a strange planet into an almost indispensable guide to the larger truth.

For what Mr Booker has seen, and depicted with a superb command of insight, passion and irony, is that of all the lies that the Soviet system is made of, the greatest is the claim that the individual human personality is of no importance beside the collective identity of the group. It is this stuporous belief that has made possible the slaughter of millions upon millions, and led inevitably to the dreadful truth: that a system designed to usher in paradise upon earth and to free all men to live in brotherhood and plenty has turned into the most cruel and most rotten tyranny in the entire history of the world, beside which the efficiency, the poverty, the

corruption and the lesser lies are of no enduring significance. From this, Mr Booker has gone on to two enormously important further conclusions. First, he has seen the terrible emptiness at the heart of Soviet society; the dulled, brutish life that issues in such phenomena as the pandemic of alcoholism and the terrifying suicide figures. Second, he has seen the stirrings of a new, because very real, attempt to fill that emptiness. It is easy for an observer to stop looking into the heart of the Soviet Union as soon as he has seen and saluted the courage of those struggling in light a tiny flame of decency and justice. But behind that struggle there is a more important struggle going on, in some cases consciously, in others not yet.

It is to proclaim the truth that the Soviet lie denies—that individuals matter, and ultimately that nothing else matters at all. As Mr Booker puts it in his summing-up: "One of the themes which has run through this book is how much more serious a business life is in the East than it has become in the West. And he then makes plain exactly what he means by that, and as we read his words we may well give thanks to the Editor of the Daily Mail for having the good sense to send such a man to Moscow."

It is one of the paradoxes of our time that it should have been Communism, by the very way it polarized the most fundamental issues of human existence, which has produced so many men and women of real human stature. We only know of a few — Andrei Sakharov, Alexander Solzhenitsyn, Karol Wojtyla—but behind them into the darkness stretch untold thousands more. It is Communism, the faith which denies human individuality, which has produced the individual — because it crushes down so hard on its millions of enslaved victims that, although a great many are crushed, some are simply forced into finding that irreducible human core within themselves in order to survive.

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Lining up: the Hongkong improbables

The announcement that Sir Murray MacLehose intends to relinquish his post as Governor of Hong Kong next year has thrown up the inevitable crop of names as his possible successor. The more likely ones you will have read elsewhere in this edition; allow me to list the also-rans before they disappear without trace.

There is of course Prince Charles, whose name constantly crops up in conversations about governorships, but I understand that Hongkong is not for him. It has always been regarded as rather small beer for a royal, and it could of course turn out comfortably political in a year or two when we have to give serious consideration to the re-negotiation of our lease with the Chinese. Australia remains the most likely choice for the heir to the throne.

Before Sir Murray made his plans known, one name being mentioned in Hongkong was that of Sir Anthony Royle, vice-chairman of the Conservative Party and MP for Richmond, who has announced his intention to retire from his parliamentary seat at the next election. On a recent visit to the colony, Sir Anthony denied that he would be taking over the post, but that was before Sir

Getting closer

The Pope's visit to Britain next year is already causing problems for the people at this end who are planning it, for the simple reason that no date has yet been announced. It has been of some small help here: I

LONDON DIARY

Things really must be bad; Charles keeps taking the



gather that the most likely date—now awaiting confirmation in Rome—is the end of May.

The official announcement is expected to come from Cardinal Hume, who is currently in Rome. He is, I am told, well aware of the difficulties building up because the precise date is not yet known. It has been discreetly conveyed to the

Vatican that the British authorities will begin to get restless if something is not decided soon.

The recommended period of the visit—expected to last about five days—has been cleared with those involved at this end, including Buckingham Palace, 10 Downing Street, and the Archbishop of Canterbury. I gather the Buckingham Palace view was that any week would be fine as long as the visit did not clash with Goodwood, in late July.

Most of the trouble stems from the fact that the Vatican does not usually plan this far in advance: the exact dates of some previous papal visits have not become known until perilously close to the event. The Vatican has been told that the British like things a bit tidier than that.

Last journey

I have just got to the bottom of some strange goings-on at St Paul's Cathedral. They do not seem to have any connexion with the forthcoming high society wedding there.

What has happened is that a piece of London transport, not given to making return journeys, has left the City for the first and probably the last time. It is 21 feet long by 12 feet wide, weighs 18 tons and runs on six huge wheels. This vehicle of singular ugliness has made only one previous journey, in 1852. It was

built in 18 days. On its maiden and only voyage it sank into the mud in Pall Mall and had to be hauled out by 60 strong men.

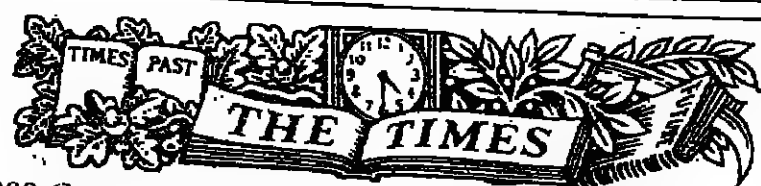
I watched it leave London last week. It was in pieces, all carefully covered by tarpaulins on the back of a large army lorry. For some reason the lorry was exhibiting learner-driver plates back and front.

I now know what it was. It was the carriage on which the Duke of Wellington's coffin was carried to St Paul's where, until last week, it was kept in the crypt. I suppose that, compared with Wellington, the young soldiers who drove it away were indeed learners. The reason I tell you this now is that yesterday they came back and took away the six enormous wheels.

The grandiose machine has been taken to Stratfield Saye in Hampshire, the home of the present Duke of Wellington, who will eventually put it on public display. In its place in St Paul's crypt will go Wren's huge model for the new St Paul's. Until now the model has resided in the cathedral trophy room, and visitors had to seek special permission to view it.

A Loughborough businessman tells me that his VAT records have been transferred to the Customs and Excise office in Leicester; their address is Millbrook Lane.

Alan Hamilton



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

AN IRRELEVANT INQUIRY

It is a long-standing principle of British government that the Budget should remain shrouded in secrecy until the Chancellor rises to his feet in the House of Commons. This principle is based on the belief that the premature and selective disclosure of his intentions may give an unfair commercial or financial advantage to companies or individuals. To some extent that remains true, but to nothing like the degree that conventional wisdom would suggest. What is true is that Budget leaks may prove to be politically embarrassing. On this occasion the Prime Minister has been inconvenienced by the reports appearing before Budget day in some Sunday newspapers, particularly *The Sunday Times* and *The Observer*. That is why she has now ordered a security inquiry into the leaks.

But there is a world of difference between causing political embarrassment to the government of the day and damaging the national interest. It had not previously been suggested that these disclosures had damaged the national interest, especially as they were not the only premature disclosures of the Chancellor's intentions. Mrs Thatcher herself had earlier indicated that the standard rate of income tax would not be raised. Nor is this the first time in the life of this Government that Budget details had become public in advance. Attention has focused on these disclosures

now essentially because of the other controversy over whether the full Cabinet should have been told earlier of Sir Geoffrey's Budget strategy.

As a means of dealing with the Government's own internal difficulties a security inquiry is an unnecessarily cumbersome instrument. It is also one which is liable to have damaging side effects. One of these is direct. As the subject matter of the annual Budget has become increasingly complex so the area of advance consultation has been extended to the point where it is virtually impossible to guarantee confidentiality on the old basis.

Such consultation is a necessary process if the details of taxation are to be thought out properly in advance. If the views of outside experts and special interests are not to be canvassed the consequence will be an increase in the number of ill-considered and impracticable proposals—and a multiplication of the shifts and changes which are so damaging to commerce and industry. It would therefore be a retrograde step if the area of prior consultation were now to be narrowed. Yet that will be the logical consequence if the Government puts the preservation of confidentiality at the top of its list of priorities.

The second potentially damaging side effect of this security inquiry is that it may divert attention from the much more important question of how the

Cabinet ought to deal with the Budget. It is not just under Mrs Thatcher that the Chancellor has presented his proposals too late for the Cabinet as a whole to change its structure. The only reason why this has suddenly become such a contentious question is that there has never within memory been such a division on the Budget between the economic ministers and a substantial section of the Cabinet.

Yet the underlying question remains the same for this and for any other administration: should the effective decisions be left to a very small number of ministers for the sake of confidentiality, or does the Cabinet as a whole have the right to discuss so much of the government's operations while there is still time to change it? The principle of collective Cabinet responsibility surely suggests that this right should be paramount. But whatever position one holds on this issue, this is the question to which serious and responsible ministers should now be concentrating their attention. It is of long-term importance for the proper government of this country, and it is of immediate importance for confidence between ministers in the present administration. In setting up this security inquiry Mrs Thatcher has shown a loss of perspective. She has grasped the minor issue at the expense of the major one.

Safe disposal of radioactive waste

From Miss Marion Hill
Sir, Professor Robert Hinde (March 13) has unfortunately failed to understand the objectives of our work on radioactive waste management, and is doing so has misrepresented our results.

The report he refers to (NRPB-108: see *The Times* article, February 17) is one of a series in which we describe our preliminary radiological assessments of the methods which have been proposed for disposal of high-level radioactive waste. The principal aim of these assessments is to provide guidance for the research into waste disposal for furthering those areas where further knowledge is required before each of the methods can be fully evaluated.

When the research has been completed it will be possible to carry out more comprehensive radiological assessments, the results of which will form one of the inputs to a decision on which disposal method to adopt.

Thus our recommendations for further research do not imply that no "safe" method for disposal of high-level waste exists nor that none is ever likely to be discovered. They indicate only that there is insufficient information at present to decide which of the options under consideration is the most acceptable. Yours faithfully,
MARION D. HILL,
National Radiological Protection Board,
Harwell, Oxfordshire,
March 13.

Policy on Ulster

From Mr John D. Taylor, MEP for Northern Ireland (Ulster Unionist)
Sir, I do not know who the Unionist are whom your London correspondent, Mr Frank Miller, claims to represent in his letter (March 13).

However, I must correct him and emphasize that Ulster Unionists here in Northern Ireland have as their main constitutional objective the return of a devolved legislative parliament.

Mr Miller's request "for Ulster to be governed in accordance with the principles and practices that obtain in England, Scotland and Wales" is in contradiction with the policy for devolution as pursued by Ulster Unionists. There is no devolved institution in England, Wales or even Scotland.

As the four main political parties in Northern Ireland—Ulster Unionist, Democratic Unionist, SDLP and Alliance—all campaign for devolution for Ulster, the Prime Minister and Secretary of State, Mr Humphrey Atkins, MP, would be best advised to concentrate upon this system of government, which is one of the few issues which has common ground amongst the much divided and polarized political parties.

Certainly as Member for Northern Ireland in Europe I recognize the advantage that devolution would be for Ulster's requirements within the EEC. Yours etc,
JOHN D. TAYLOR,
Ulster Unionist Headquarters,
3 Glengall Street, Belfast,
March 13.

Canada's Constitution

From Dr James McConica
Sir, As a Canadian living in England, I was happy this morning (March 9) to read the letters of Messrs Leslie Millin and Tom McNally, MP, about the Canadian constitutional issue.

Canada is possessed of a sovereign Parliament, and the Canadian people are by now quite practiced in the art of a self-government. Although the spirit of nationalism and independence has grown enormously since the Second World War, it is probably also true that most Canadians feel, as I do, an historic and even filial respect for the Parliament at Westminster which is the mother of our own. But the time when that Parliament might expect an intervention in the domestic affairs of Canada to do not seem to exist. When the Canadian request is received it must be passed speedily, whatever its nature (and with whatever reservations privately expressed), so that the responsibility for its implementation will fall squarely on the Parliament in Ottawa where it belongs. Mr McNally states the matter conservatively. I believe, when he says that any other action will set us on a road fraught with dangers. We in Canada have quite enough problems to get on with, already.

Yours sincerely,
JAMES MCCONICA,
All Souls College,
Oxford,
March 9.

After the New Cross fire

From Mr K. R. Prouen

Sir, Many sincere people are concerned that several weeks have passed since the terrible fire in New Cross without findings being announced, but the charge that the police are suppressing evidence must be challenged. Local clergy are aware of the means used by the police to ensure the accuracy and, importantly, the entirety of the evidence. When the story is told, black and white residents in Britain may trust it. If the facts do not harmonize with any previously held political or social fixations, that is a separate matter. The black and white brothers and sisters in Christ who form the interdenominational chain of churches in Lewisham (of which New Cross is a part) continue to build upon their affection for each other.

Yours faithfully,
K. R. PROWEN,
Secretary, Lewisham Federation of Churches,
36 Paragon Lane,
North Cray,
Kent,
March 12.

LETTERS TO THE EDITOR

Budget choices: restraint or rebirth?

From Professor A. R. Ubbelohde, FRSE

Sir, Your leading article on the Budget (March 13) rightly complains about the way current monetary provisions conceal our real task, which is to create more real wealth, not just push paper about. This facetious monetarism fails to release our powers of responding to adversity. After the devastating fire of London in 1666, Christopher Wren worked his way through to his triumphant epitaph, by clearing away the rubble and building afresh. After the devastation of 1942-45, Western Germany recruited her national potential by rebuilding what was needed. We in Britain have surely inherited enough physical desolation from obsolete industrial structures of the past century to accept a comparable challenge for creative rebuilding. But it must be clearly presented.

Using our unique though transient benefits from North Sea oil and from our natural gas, we should already be spending freely on reconstruction Budget, which would concentrate on our present unique opportunities for creative building. There is plenty of choice of targets, but it would be difficult to omit from a list of "out of the ordinary" tasks such projects as the reclamation of obsolete dockland in more than one part of the country, the restoration of more than one city heartland, and the bringing back to national use industrial wasteland already abandoned to the forces of nature. In addition there are clamorous demands for better transportation of wealth to where it is needed. We should be electrifying our railways, using nuclear energy to supply an enhanced base load, and reducing our fuel consumption by improving our pipelines, our road systems, and our airports. We should support more speculative wealth creative ventures such as the Channel Tunnel and the Severn Barrage.

Of course abnormal expenditure on such near-term needs of increasing the real wealth and amenities of our great country must not be allowed to trickle away into supporting unearned petty comforts which so many of us have become used to, and which we are rightly determined to forego, until better times. But it is unforfeitable that monetarist paper-pushing procedures, required to monitor austerity in consumer expenditure, should be allowed to smother urgent and humanly exciting tasks of construction. We have the energy resources, what is the leadership to channel them into acceptable uses?

I am, etc,
A. R. UBBELOHDE,
Department of Chemical Engineering and Chemical Technology,
Imperial College,
Prince Consort Road, SW7,
March 13.

From Professor Lord Kaldor, FBA
Sir, The Prime Minister, in an impromptu speech, reported in the *Times* of March 12, said that her Government "has taken the wise and the moral course and I will challenge anyone who takes the contrary view".

I am sure there must be many qualified economists who are ready to take up the challenge in my view—and I am sure that this is shared by a large number of my professional colleagues—the Prime Minister is wholly mistaken in her belief that she has taken "the wise and the moral course". Her case, as far as I can make out from your report, rests on two propositions. First, that an increase in deficit spending "would have stifled and strangled at birth any rebuilding of stocks or any expansion of industry and investment that we might have had"; second, that additional expenditure without an addition to taxation means that we "put a pair of bellows on to the rate of inflation we have now and make it a really big, raging furnace".

Both these propositions assume that additional Government expenditure, whether financed out of taxation or borrowing, reduces the amount of resources available to the private sector, whether for consumption or investment. But this is only true in circumstances in which the productive capacity of the economy, both labour and physical capital, is fully employed. It is manifestly untrue in the context of the British

economy of 1981 where (a) there are two and a half million unemployed; (b) industrial capacity is under-utilized to the extent of at least 25-33 per cent; (c) the balance of payments is in surplus and there is no immediate need to restrict economic activity for the sake of maintaining the exchange rate.

In these circumstances increased Government loan expenditure, whether secured by extra savings or lower taxation, will increase the level of production and employment in much the same way as an increase in export demand or an increase in private investment. In each case the consequential increase in national income and output will be greater than the primary increase in expenditure (due to the well-known principle of the "multiplier" so that the savings available for private investment will be enlarged, not diminished, as a result).

Mrs Thatcher evidently denies the validity of these propositions, and would (presumably) argue that increased public sector borrowing is per se "inflationary" because it is accompanied by a sufficient increase in the rate of interest that would reduce private investment in fixed capital or stocks sufficiently to leave the level of income and employment unchanged. It has enlarged, not diminished, as a result.

But there is no truth whatsoever in this latter proposition. When resources are under-utilized, an increase in demand, irrespective of whether it originates at home or abroad, in the public or the private sector, will increase production and prices—indeed it may cause a decrease in prices since a higher output in industry is associated with a decrease in unit costs. Apart from the case where a rise in import demand is allowed to lead to an excessive fall in the exchange rate, a rise in costs and prices can only occur as a result of higher wage demands—but a rise in interest rates offers no guarantee against a cost inflation caused by excessive increases in money wages; even the exceptional construction of the demand for labour in the past twelve months only served to moderate wage-induced inflation and not to eliminate it.

Nor is it correct to suppose that larger loan expenditures, whether by the public or the private sector, will cause an increase in the "money supply" which is per se inflationary. The basic fallacy here is in the supposition that an increase in the amount of money in circulation—whether this is taken to be bank notes and coins, or of M1 or M3 or any other range of financial assets—can be the cause, as distinct from the consequence, of an increase in total incomes and expenditures. Indeed an increase in output brought about by deficit spending under conditions of an excess supply of available resources is no more inflationary than an increase in output resulting from the normal functioning of a free economy. As last year's events have shown, an accelerated growth of M3 may well be the result of imposing higher interest rates and may be associated with a falling rate of inflation.

No one doubts the depth and singularity of the British nation's convictions. It is too much to ask that she should apply her mind to a better understanding of how a capitalist economy works? Yours faithfully,
NICHOLAS KALDOR,
King's College,
Cambridge,
March 13.

From Mr P. R. R. Coad

Sir, Mr Rivas writes today (March 13) that he is cancelling his subscription to the *Conservative Party* in view of Sir Geoffrey Howe's Budget.

With an undevoted pension based upon pre-1973 values as my main source of income, the purchasing power of which is now about one third of the value of those days, my one hope of keeping any value in my remaining income from this source is in the Prime Minister's determination to slow down the rate of inflation.

I propose to increase my subscription to the *Conservative Party*. Yours faithfully,
P. R. R. COAD,
The Reform Club,
Pall Mall, SW1,
March 13.

Moorland preservation

From Dr J. E. L. Butterfield and others

Sir, Is Dr Thomas (March 11) correct in stating that the natural vegetation of Britain is woodland and forest from sea level to near the mountain tops? No responsible scientist would deny that this was the situation at some time, after the end of the last glaciation. However, the disappearance of trees from many upland areas coincided with two events. The climate changed to one which was probably colder, windier and wetter; all factors which, directly or indirectly, tend to inhibit tree survival at high altitudes. At the same time, man's activities, grazing domestic animals and burning vegetation, started to make an impact in uplands.

The relative effects of these two events must remain a matter of opinion, and it is possible that their importance varied from area to area within Britain. Nevertheless, the establishment of woodland on

high altitude uplands is, at the present time, a thankless task. The disappearance of trees in upland areas resulted in the expansion of a typical tundra flora and fauna, with strong similarities with those in Arctic and sub-arctic areas of Scandinavia. This change is not a degradation and refutes Dr Thomas' previous reference to moorlands as "biological slums" (*The Times*, April 24, 1980). Dr Thomas must get his facts right before he makes any sweeping statements. We leave it to your readers to decide whether they prefer to walk through agricultural land or the wild, natural tundra of upland Britain, along routes such as the Pennine Way.

Yours faithfully,
JENNIFER BUTTERFIELD,
J. C. COULSON,
V. STANDEN,
Department of Zoology,
University of Durham,
Science Laboratories,
South Road,
Durham,
March 13.

Setting for royal wedding

From Mr Terence Wincott

Sir, I agree with Mr Farahar (March 12) that the extra seating available at St Paul's would be an inadequate reason, were it the only one, for using that church for the royal wedding in preference to Westminster Abbey. But what nonsense it is for him to suggest that St Paul's represents the ceremony's demotion because it lacks the Abbey's "historical and more recent links with royalty and the fabric of our heritage"—whatever that means!

Since its completion in 1710 St Paul's, on the site of which there have stood cathedrals for thirteen hundred years, has witnessed quite

Strikers who abuse the law

From Professor P. S. Atiyah, FBA

Sir, I am due to leave my house shortly for a flight to Canada via Heathrow. I am informed by *The Times* this morning (March 13) that immigration and customs staff at Heathrow will be working to rule, and that long delays are expected.

This is supposed to be "strictly enforcing customs law and regulations". On the contrary, it seems the clearest possible abuse of the law.

Customs and immigration staff have legal powers over their fellow citizens conferred upon them by Parliament. Where these powers confer discretion, it is manifest that the discretion must be exercised in good faith for the purposes for which the powers have been conferred.

If the legal immunities enjoyed by those taking part in a trade dispute extend to the illegal detention of citizens going about their lawful ways, then we have indeed reached a sorry pass. The abuse of private power is serious enough in all conscience; but the abuse of public power is intolerable in a democracy.

Yours faithfully,
P. S. ATIYAH,
The Old Rectory,
Middleton Stoney,
Oxfordshire,
March 13.

From Mr W. Wright

Sir, The answer to Sir Miles Clifford (March 11) is of course that if the Government gave to its civil servants the same treatment as it has promised the police and the armed forces, civil servants would not need to strike.

Yours faithfully,
W. WRIGHT,
Deputy General Secretary,
The Institution of Professional Civil Servants,
Northumberland Street, WC2,
March 12.

Unlicensed to quote

From Mr John Le Carré

Sir, Last night (March 11) on the television programme *News at Ten* I was quoted by name as saying that Sir Maurice Oldfield was the model for my fictional character, George Smiley. I have never in my life made such a statement, least of all on the day of Sir Maurice's sad death.

Within a few minutes of the news announcement, therefore, I telephoned the producers of the programme, and a spokesman told me that his information was derived from an interview I had purportedly given to the *Radio Times* two years ago. He conceded that I had in fact given no such interview, and that his researchers had made an error, but he insisted that beyond offering their apologies there was nothing they could do about it. That is the third inaccuracy. It is open to the producers at any time to enlighten the very large public who have been misled. They choose not to do so in their decision.

The truth, once and for all, is this. I never heard of Sir Maurice, either by name or in any other way, until long after the name and character of George Smiley were in print. I knew the source of my reputation, or personally, scarcely at all. Our social contact, such as it was, occurred after his retirement, and amounted to a couple of lunches, over which he was inclined to rebuke me, albeit amiably, for such idle remarks as the unflattering portrait I had given of his former service. At his request, I once produced Sir Alec Guinness for him, for the good reason that he had always been, in his modest way, one of Sir Alec's many fans. Sir Maurice was tickled pink.

ITN did not need to know any of this, though if they had bothered to ask me, they could have found it out. Instead of that, they preferred to run a totally untrue story and quote myself, in the source of it, Foreign Broadcasting, and press agencies are already having a ball with it. Meanwhile, ITN claims the immunity of the box.

Yours faithfully,
JOHN LE CARRE,
C/o John Farrington Limited,
Bell House, Bell Yard, WC2,
March 12.

Flying bottles

From Mr Peter Walters

Sir, Your leading article on duty-free goods (March 11) makes one important fact: namely that the price of duty-free items varies considerably between different airports. At some, notably in the Far East and Middle East, large savings can be made by purchasing duty-free items, while at others, such as Heathrow, only relatively modest savings are made.

Yours faithfully,
P. R. WALTERS,
49 Disraeli Road,
Ealing, W5,
March 11.

The awkward squad

From Mr Laurence Cotterell

Sir, Discussing *The Romans in Britain*, Bernard Levin (article, March 11) perpetuates the error made some years ago by a modish playwright airing his misknowledge of the military scene, mangling "swaddy"—a traditional nickname for the private soldier—in a "squaddie".

The term probably derives from "Swadeshi", a Bengali word meaning "native country", which was adopted by an Indian protest movement of other days. Its members became known as "swaddies" or soldiers of the Raj, in a slightly pejorative but end-of-humoured context, and it was inevitable that the term would eventually be applied opprobriously to British rankers whose appearance or performance on parade was less than perfect.

Yours faithfully,
LAURENCE COTTERELL,
121 St Paul's Wood Hill,
St Paul's Cray,
Kent,
March 12.

PROTECTING BRITAIN'S HERITAGE

The House of Lords has been chewing the cud of the Wildlife and Countryside Bill for more than three months. Its patient rumination does not merely reflect the obvious truth that backwoodsman know and care especially about the fate of the backwoods. The debates have seen sharp conflict between powerful and well-martalled pressure groups, and the outcome will affect not only those who hunt and farm, but also all who value the countryside—which is to say most of us. The Bill will profoundly influence the aspect of rural Britain, for better or worse, for many years to come.

The Government has given away little in the long contest. It has agreed to tighten the proposed licensing regulations for the killing of protected birds if they threaten the crops. It has reluctantly accepted the power to create marine nature reserves which its successors may know better how to use. But on the most important features of the Bill, the Government has remained adamant, even though it has scarcely had the best of the argument: and proceedings in the Commons may give it the opportunity to snatch back some of the concessions already exacted from it, in particular last night's defeat over footpath closures. But it would be a mistake to reopen this issue.

The question of footpaths seems as important now as it did when the Bill was first published. The Government wishes to end the right of appeal to the minister enjoyed today by objectors to proposed footpath closures. Landowning interests are often influential upon county councils, so that they cannot claim to be impartial judges in

such cases. Almost half the proposals for closure which go to the minister each year are turned down, so that the right of appeal is by no means a minor safeguard. The Government conceded in committee that inquiries in contested cases should be heard by inspectors employed by the minister, but that is not enough if the final decision is in the hands of the council. Our ancient network of rights-of-way enables the visitor to enter the landscape in a way which is impossible in many countries, and it is quite wrong to weaken the safeguards which protect this heritage.

The balance of argument on the most significant question of all has shifted even while the Lords have been deliberating. Farming operations in areas of special value for nature conservation can destroy the very qualities that give them their value. But this Government, like its predecessors, is quite properly reluctant to impose compulsion on farmers. It seeks in the Bill to take compulsory powers only in a selected few of the sites designated as of special scientific interest (SSSIs)—perhaps only five at a time out of the nearly 4,000 which cover 5 per cent of our land area. In towns, of course, planning controls with penalties are familiar, and there is no difference in principle between the urban and the rural case; the argument turns on need and practicality. If voluntary arrangements are reasonably successful, there is no need for compulsion.

It has seemed in recent years that voluntary arrangements could work sufficiently well in the country. Management agreements have had some success in arresting the encroachment of

ploughing and forestry upon Exmoor. But since the Bill was published, the Nature Conservancy Council has issued figures indicating that serious damage or destruction of SSSIs has been running at 10 per cent a year, and at 30 per cent in some counties. This cannot go on.

Government spokesmen in the Lords have virtually admitted at times that ideally the powers they propose for their super-SSSIs (a concept still in search of a negotiable acronym) should apply to all 4,000 sites. But they claim this is ruled out by cost and the risk of antagonizing farmers. It is less clear why they have resisted requiring owners to give advance notice of major changes in farming practice in all SSSIs—especially since such changes already have to be notified in advance if an agricultural grant is sought, as it almost always is.

Advance notice would at least give time for negotiation. It is plainly essential. The question of wider compulsion is difficult. The conservation bodies would never in the foreseeable future have the resources to impose management agreements or compulsory purchase more than a very few of the SSSIs that come under threat, even if they had compulsory powers. To that extent, compulsion might seem irrelevant. But the Government's two-tier system, with compulsion for the super-SSSIs alone, would be more clumsy and inflexible in operation than a system leaving it to the discretion of the conservation bodies to impose terms, subject to appeal and the limits on their resources—and there seems little reason why one method should raise any more antagonism in the farming community than the other.

WELCOME TO NIGERIA'S PRESIDENT

President Shugu Shagari of Nigeria arrives in London today. His visit, which follows that of Lord Carrington to Nigeria in February, is welcome and could bring useful results. Britain's standing in Nigeria has been declining for some years. The United States is now the major western influence there. The Americans have a direct interest in Nigerian oil, and their federal institutions inspired Nigeria's new civilian constitution. This has advantages for Britain because everyone will be thankful if American federalism is more successful than the British-made constitution of 1960 in solving Nigeria's problems. Yet Britain needs a close understanding with Africa's most powerful state.

In spite of internal stresses and divisions, Nigerians are at one in their belief that Nigeria must be the leader in African affairs. Sheer size, population and oil wealth have enabled

Nigeria to take the position which Mr Nkrumah once planned for Ghana. First and foremost this means the assertion of African rights. During Mr Smith's rule in Rhodesia, Britain was under pressure from a number of African countries, but her of African countries, but Nigeria emerged as the most important voice once it had ended its own civil war.

Britain is now off that uncomfortable hook, after no little damage to its commercial interests. The President's visit therefore offers an opportunity to discuss Britain's position on Namibia before the Security Council considers the General Assembly's call for sanctions against South Africa. The difficulties in responding to the Assembly's tactical move, not least for neighbouring African states, are doubtless understood in Nigeria, which probably expects a veto and will not be

unduly annoyed—though for the record it may blame the West. But Britain could help by putting forward guidelines for working towards a Namibian settlement.

The Nigerians are a practical and business-minded people: President Shagari's style is empirical. Nigeria is again a democracy and its leadership (still essentially in Northern hands) can understand the problems of democratic governments operating under the rule of law—even, perhaps, in the field of sport. There is no reason why mutual sympathies, rooted in long shared experience and a large Nigerian presence in Britain, should not be strengthened in the period ahead. An atmosphere of political cordiality might also help British commercial interests to arrest their slide from predominance in Nigeria's important and highly competitive markets.

Royal College of Art

From Mr A. A. Bridgewater
Sir, Having only returned to this country from Australia on Friday, March 13, my response to Lord Queensberry's letter is rather late. His letter (March 11) may shed some light on why I, for one, felt obliged to resign as a lay member of the Council of the Royal College of Art.

He regrets that we have not been seen wandering through the college departments but overlooks the hours of consultation and discussion, both private and formal, in which we have been engaged. He also overlooks our day-to-day professional contact with the world of graphic and industrial design, not to mention our personal friendships with teaching members of staff. He assumes that our attitude has been constructive rather than obstructive and supportive and, most crucially, he overlooks the fact that the Council carries the ultimate financial and management responsibility and therefore requires clear

information on which to base its decisions.

The obscurity of the decision-making process, which for the past three years lay members of the Council have been trying to improve, has made it impossible for me to fulfil my responsibilities as a lay member of Council, particularly at a time when the college is making claims on taxpayers' millions for new buildings and resources which must be competing with funds for hospitals and schools.

Yours etc,
A. A. BRIDGEWATER,
5 Chaucer Road,
Cambridge,
March 15.

Tunncliffe collection

From Lady Angelsey
Sir, It is a great encouragement to learn (Dennis Mahon's letter of March 10) that the way is still open to meet both Charles Tunncliffe's expressed wish in regard to his measured drawings and sketchbooks

and to enable the beneficiaries to cope with the heavy capital transfer tax that must be found.

I know from personal conversation with three of those concerned that this would be a happy outcome for them as well as for other admirers of his work.

Yours faithfully,
SHIRLEY ANGELEY,
Plan Newydd,
Llanfairpwll,
Isle of Anglesey,
March 10.

West's global strategy

From Mr H. E. Fenton

Sir, Can Mr Luard (March 12) explain why, if the Soviet Union and Cuba provide arms for regimes in South Yemen, Ethiopia, and Afghanistan, we should be expected not to send arms to the regime in El Salvador? Yours faithfully,
H. E. FENTON,
4 Raby Place, Bath.

THE TIMES

BUSINESS NEWS

60 YEARS OF
EXPERIENCE, EXPERTISE
AND TEAMWORK
TAYLOR
WOODROW
AAAA

over
the border,
page 17.

Stock markets
FT Ind 479.8 up 2.6
FT 69.92 down 0.27

Sterling
£22580 up 1.95 cents
Index 99.5 up 0.4

Dollar
Index 99.3 down 0.5
DM 2.0915 down 180 pts

Gold
\$498.50 up \$5

Money
3 mth sterling 12 1/4-12 1/2
3 mth Euro-S 14 1/4-14 1/2
6 mth Euro-S 14 1/4-14 1/2

IN BRIEF

Dow Jones breaks 1,000 point mark

The Dow Jones industrial share price index broke through the 1,000 point level last night on strong buying on the New York Stock Exchange. The index rose by 17.02 points to 1020.72 as interest rates fell.

The rally, which came late in the day, was partly due to continued speculation on further takeover bids, after three big bids last week. Two of the big targets last week, Kennecott Copper, which is being bought by Standard Oil of Ohio, and St Joe Minerals, which is being bought by Seagrams, lost in value with considerable profit-taking.

Trading volume was heavy as almost 50 million shares changed hands.

Earlier the Chase Manhattan Bank and the First National Bank of Chicago both cut their prime lending rates to 17 1/2 per cent from 18 per cent. Most United States banks are likely to make similar cuts.

The Federal Reserve Board continued to indicate a willingness to see a general decline in bank lending rates by making no effort to raise the rate for federal funds, now trading slightly above 14 per cent.

BL's Metro captures best-seller spot

BL's Mini Metro has forged ahead of Ford's Cortina model to become Britain's best-selling car, according to unconfirmed industry figures.

The new car helped to boost BL's market share in the first 10 days of March to 25 per cent, more than one per cent ahead of Ford whose sales have been hit by a delivery drivers strike.

BL hopes to sell about 100,000 units a year overseas—about the same as expected in the home market.

Strike hits searches

Searches at Companies House have been hit by the civil servants' dispute. More than 1,000 daily requests for information in London and 1,000 in Cardiff have been suspended indefinitely although applications may be lodged for processing after the end of the strike, which involves 160 staff at the two centres.

Prestcold takeover

Suter Electrical, a Lancashire hair salon equipment manufacturer, is buying Prestcold, the refrigeration and air-conditioning subsidiary of BL, for £5m. Suter is raising cash through a £7.7m rights issue.

Anglo-Israeli trade

Thirty years of increasing British trade with Israel, totalling about £500m a year, was celebrated at a British-Israel Chamber of Commerce dinner where the principal speaker was Sir Keith Joseph, the Industry Secretary.

Thorn EMI factory

Thorn EMI is setting up a £2m electrical equipment factory on a 4.5-acre site at the Blenheim industrial estate in Nottinghamshire.

SDR exchange rate

The dollar's exchange rate against the SDR was 1.23125, while the £-SDR rate was 0.55188.

Industrial output drops 1.3pc to lowest level for nine years

By David Blake

Economics Editor

Government hopes that the drop in output is coming to an end received a blow yesterday with the announcement of new figures showing that industrial output fell by 1.3 per cent in January, the seventh successive monthly fall.

The drop took total industrial output down to its lowest level for nine years. In the three months to the end of January, output was 11.5 per cent lower than in the same period a year ago.

In manufacturing industry alone, the drop has been even greater, output is down 15.3 per cent on a year ago.

The gloomy output figures were made worse by a sharp downturn in the level of retail sales in February, where the provisional index fell 1.8 per cent from the high figure recorded in January. In the Department of Trade think the picture would have been even worse without the continuation of winter sales into February.

High turnover during this year's January sales provided a much-needed boost to companies which have been trying desperately to reduce their stocks. But the signs that the underlying level will be fairly depressed this year are bound to weaken business confidence, say the Budget experts.

This could lead to industrial output staying depressed until well into the year. The latest figures show no sign of the turn-around which government ministers had hoped would arrive by the first quarter of the year.

Output is down right across the industrial landscape of the nation.

In the three months to the end of January, textile and clothing output fell 5 per cent to stand 21 per cent below its level of the previous year.

Engineering dropped 5.7 per cent to 17 per cent below last year's level, and falls of over 3 per cent were also recorded by

the miscellaneous other manufacturing category.

The figures show the way in which the recession is changing its shape as it moves towards the end of its second year. Now showing the steepest drops, as companies cut back desperately on capital spending to stay in business.

Consumer goods industries are showing a smaller fall—2.4 per cent in the latest three months compared to 5.3 per cent for investment goods.

Intermediate goods industries are doing slightly better, however, as the pace of destocking, which led the way down in the early part of 1980, starts to ease.

The recession has been far more severe in the manufacturing sector than the Government predicted at the time of the 1980 Budget. Ministers now hope that output in the economy as a whole will start to pick up in the summer.

Promotions boost sales. Special promotions and a rash of pre-Budget sales into March have kept non-food volumes higher than some retailers expected, although volume sales of kitchen appliances and other electrical goods are still generally down around 5 per cent compared with a year ago (Derek Harris writes).

Chains such as Currys and Rumbelow report some improvement in sales of washing machines, with growth in specialist sectors like video cassette recorders and microwave ovens.

Food sales are steady and non-foods "dynamically improved" over the past six weeks, according to Mr Ian MacLaurin, managing director of Tesco.

The John Lewis Partnership department stores are trading steadily, with the first week in March up 12.5 per cent by value on an annual comparison, well ahead of the half year forecast of 7.3 per cent. Food, showing a 14.5 per cent rise, is also ahead of forecast.

£314m trade surplus set last month

By Frances Williams

Britain had a trade surplus in February of £314m, less than half the freakishly high surplus of £742m in January and rather lower than in the last few months of 1980.

A sharp rise in imports and a substantial fall in exports may point to an early worsening of the United Kingdom's trade balance this year.

A large projected surplus of £300m on invoices, due mainly to EEC budget refunds payable in the first quarter of this year, boosted the February current account surplus to £514m, down from revised £1,042m in January.

Imports rose 8 per cent in February, recovering to around the levels of late last year. Excluding erratic items, such as precious stones, ships and aircraft, the volume of imports jumped 10 per cent in the month, led by increased imports of basic materials and finished products, notably cars.

Exports were down over 4 per cent in February from January's high level, despite record oil exports of £566m. This was chiefly because of the middle of last year, but the most recent figures suggest a possible decline.

Over the three months to February the volume of non-oil exports excluding erratics fell by 21 per cent from the previous 3 months.

In the forecast for the economy published with the Budget last week, the Treasury

estimated that this year's balance of payments surplus would be £1,500m, down £500m on last year, and deteriorating fairly steadily over the remainder of 1981.

Imports are expected to decline by 21 per cent in 1981 over 1980, of which the half year as the rate of destocking by British industry declines.

Exports are predicted to fall by 51 per cent as the full effects of worsening competitiveness over the past couple of years come home to roost. Despite increasing exports of North Sea oil.

The record surplus on the oil account of £231m, plus the £300m positive balance on invoices such as banking and tourism, account for the bulk of February's current account surplus.

The non-oil trade balance was just £83m in the black, down from £532m in January and less than a quarter of the average for the last three months of 1980.

Publication of the trade figures had little immediate impact on the foreign exchange markets. The pound rose 1.95 cents from Friday against a generally weaker dollar to close at \$2.2380, its highest level for three weeks.

It was also stronger against continental currencies, its trading-weighted index against a basket of leading currencies up 0.4 on Friday's close at 99.5.

Lower domestic and Euro-dollar interest rates, and expectations of lower rates to come this week, were the chief cause of the dollar's decline. It closed at DM2.0915, down 1.8 pence from Friday and its lowest level for more than 6 weeks.

Tables, page 18

Legal battle likely over Savoy bid

By Philip Robinson

A legal battle now seems certain between Sir Hugh Wontner, Savoy chairman, and Sir Charles Forte, whose Trusthouse Forte empire is making a £58m takeover bid for the hotel group based in the Strand.

Tomorrow Sir Hugh will tell Sir Charles in a letter that he is refusing to call the two special shareholders' meetings which the head of the world's largest hotel and catering chain reckons would give him control of the Savoy group.

Sir Hugh and his board have already dismissed the Trusthouse offer as wholly unacceptable and totally unacceptable.

Six days ago when Trusthouse Forte, whose chairman is Lord Thorneycroft, announced its offer, Sir Charles asked Sir Hugh for a decision on the meetings within seven days. He also said that if the Savoy board was prepared to call them, his group, as holders of 88,000 "A" shares, would.

The meetings, for the "A" and "B" shareholders separately, are important because of the complex voting structure (the "A" shares have one vote each, the "B" shares have 10 votes each). The "A" shareholders have a total of 51 per cent of the total votes available.

Sir Charles, with his advisers, merchant bankers S. G. Warburg and solicitors Linklaters & Paines, think that if the "A" shareholders vote for the bid with a 75 per cent majority, it would give them control of 51 per cent.

Sir Charles has said: "We can manage the company with that."

But the Savoy camp say the more, thought up as a scheme of arrangement, would effectively be disenfranchising the "B" shareholders, most of which are the board, and control 48 per cent of the total votes.

Trusthouse Forte reckons that it can exercise power under Section 206 of the Companies Act which entitles any member to call a meeting of shareholders, and Linklaters says it is taking that section as embracing all shareholders.

Trusthouse appears to be in a stronger position, with the



Sir Charles Forte and Lord Thorneycroft at yesterday's meeting.

"A" shareholders which are much more widely spread. The Kuwait Investment Office, has already indicated it intends to accept with its 34.1 per cent of "A" shares.

If Warburg Investment Management accepts with its 15.4 per cent, Trusthouse is more than half way towards the majority it says it needs.

The Savoy board has taken counsel's advice and says it is more or less in permanent session with its advisers.

Meanwhile after Trusthouse Forte's annual meeting in London yesterday, Sir Charles said: "If all they can do is throw insults at me, it will make no difference to the bid."

This is the first bid I have made without consulting the board. He said that about five months ago he had two lunches with Sir Hugh which were "very pleasant" and at which he wanted to discuss the possibility of a takeover bid.

Then I had a letter from a mutual friend. It was a copy of a letter sent to him by Sir Hugh in which he said he would like me to stop pressuring him.

Three months later Sir Charles launched his bid. He is offering 84 of Forte shares or £165 in cash for every 100 Savoy "A" shares and five Forte shares or £9.75 for each "B" share.

EEC states seeking joint interest rate policy

From Peter Norman

Brussels, March 16

EEC member states are trying to draw up a joint policy on interest rates to present to this summer's world economic summit in Ottawa. Mr Alfons van der Stee, the Dutch finance minister, said.

Mr Stee who presided over a meeting of economics and finance ministers in Brussels today said that every member state in the European community was convinced that present interest levels were too high. The immediate problem was the level of interest rates in the United States.

His remarks followed a debate in which the finance

ministers went into restricted session to discuss monetary issues. They heard reports from Mr Gordon Richardson, the Governor of the Bank of England and chairman of the EEC Central Bank Governors Committee, and M. Jean Yves Haberer, the chairman of the EEC Monetary Committee.

Sir Geoffrey Howe, who left the meeting early to close the Budget debate in London was represented by Sir Kenneth Couzens, the permanent secretary at the Treasury responsible for overseas affairs.

Although Mr van der Stee was reluctant to discuss the debate in detail, he did slip that one of the problems confront-

ing the EEC is that United States policy today is in line with advice given in the past to Washington by European governments.

"They are fighting inflation and we have to be cautious", he said. "We have to show respect and appreciation for what the United States is now doing."

But at the same time, he made clear that the Community would not stay passive in the face of the United States interest rate challenge. Today's meeting of finance ministers ordered M. Haberer, Mr Richardson and the European Commission to consider the issue further and report back at a later date.

The interest rate squeeze,

triggered by the high level of rates in the United States, has been causing particular problems in West Germany. Members of the German Social Democrat Party, the dominant partner in the coalition government, are angry at the way in which the federal bank has pushed up interest rates in line with trends in the United States.

Also, Herr Hans Matthöfer, the finance minister, has been advocating a concerted international reduction of rates but so far has failed to secure any great degree of support.

The EEC Commission has also been looking at developments with anxiety.

State industry chiefs join Budget attack

By Peter Hill

and Patricia Tisdall

Nationalized industry chairmen have joined the Confederation of British Industry in criticizing the Government's economic policies and calling for an investment-led recovery of the British economy.

In a thinly-veiled attack on the Government's economic strategy, Sir Derek Ezra, chairman of the National Coal Board, said last night that it was "highly regrettable" that British manufacturers should be forced to cut back on their investment.

Speaking to the Oil Club in Glasgow, Sir Derek said that the Government's policy of "tightening the belt" was "a further step away from the recovery of the British economy."

In a clear reference to a remark made by Sir Raymond Pennock, the CBI's president last week, Mr Walter Goldsmith, director of the Institute of Directors, said yesterday that "rather than attack the Chancellor for 'kicking industry in the teeth', businessmen should unite to lobby the Government to introduce a radical, privatization programme and make real cuts in public sector revenue and manning expenditure."

The Chancellor still has substantial support from British businessmen, Mr Goldsmith said, calling on Tory MPs to back the Government in the Budget debate. Mr Goldsmith's institute represents 30,000 company directors.

Mr Anthony Frodsham, director general of Engineering Employers' Federation, in his criticism of the Budget cuts, said that the Government's policy of "tightening the belt" was "a further step away from the recovery of the British economy."

But, another state industry chairman, Sir Denis Rooke of British Gas, yesterday underlined the importance of the Government's strategy. In the last financial year it had made a net repayment to the Exchequer of £447m—just £2m

short of the target which it had been set. In the financial year now ending it would not be "too far away" from making a further repayment of £400m.

Business reaction: A shift in emerging businessmen's confidence towards the Budget, which may dilute the otherwise adverse response expected from tomorrow's meeting of the council of the Confederation of British Industry.

While large manufacturing organizations support the CBI leaders' initial expression of disillusionment, a few smaller concerns are supporting the hard line taken by the Chancellor of the Exchequer.

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Murray Western Investment Trust Limited

Sustained asset growth in major markets

Annual results for the year ended 31st December, 1980

	1980	1979
Equity shareholders' Interest	£83,650,035	£61,194,045
Asset value per share	105.3p	77.1p
Revenue available for ordinary shareholders	£1,835,673	£1,671,775
Earnings per ordinary share	2.38p	2.17p
Ordinary dividend per share	2.30p	2.10p
Capitalisation issue in B ordinary shares	2.28042%	2.72599%

Geographical distribution of investments at 31st December, 1980

	1980	1979	1980	1979
UK	39.65%	35.51%	Europe	2.21%
North America	35.00%	34.78%	South Africa	0.33%
Japan & Far East	12.33%	12.07%	Brazil	0.70%
			Bonds	90.22%
				9.78%
				100.00%

Asset performance

The net asset value for each ordinary and B ordinary share increased over the year by 36.6 per cent.

In the three main areas of the UK, US and Japan the company's equity portfolios in each case substantially outperformed the relevant index.

	Performance of equity portfolio	Performance of index
UK - FT Actuaries All Share	+ 39.9%	+ 27.1%
US - S and P Composite	+ 39.5%	+ 16.8%
Japan - Tokyo New	+ 28.9%	+ 17.7%

Future investment policy

It is our intention to aim for net asset growth and a steadily rising income through a balanced portfolio based primarily on the three major economies of the UK, US and Japan, but with significant interests in other areas such as Asia, Australia and Europe.

It is also our policy to increase our holdings of unlisted investments, particularly in the electronic and energy fields. In this way we can increase our support for private industry and expect to increase the overall return to our shareholders.

Copies of the report may be obtained from the Secretary, Murray Western Investment Trust Limited, 163 Hope Street, Glasgow G2 2UH.

An Investment Trust managed by Murray Johnstone Limited.

Murray Johnstone

PRICE CHANGES

Rises
Atwood & Son 13p to 186p
Broken Hill 20p to 755p
CRA 10p to 235p
Grindlays Holdings 17p to 183p
Guthrie Corp 13p to 763p

Falls
Allen H. & Ross 15p to 363p
Biff 20p to 38p
Bardays Bank 1p to 381p
GKN 8p to 128p
Hammer Corp 8p to 63p

THE POUND

	Bank	Bank	Bank	Bank
Australia S	34.90	32.70	Portugal Kr	12.45
Belgium S	81.75	77.75	Portugal Esc	12.00
Canada S	2.71	2.62	South Africa Rd	12.00
Denmark Kr	15.39	14.50	Spain Ptas	16.67
Finland Mk	9.48	8.98	Sweden Kr	10.67
France Fr	11.40	10.90	Switzerland Fr	4.45
Germany DM	4.85	4.61	USA \$	2.27
Greece Dr	115.50	109.50	Yugoslavia Dn	75.00
Hong Kong	12.10	11.50		
Ireland Pt	1.32	1.26		
Italy Lit	2380.00	2270.00		
Japan Yen	488.00	465.00		
Netherlands Gld	5.36	5.10		

Lone cheer for the Chancellor

Amid the chorus of criticism

of last week's "deflationary" Budget, one voice sounded out alone yesterday with words of cheer for the Chancellor. Professor Patrick Minford of the University of Liverpool, forecast that Sir Geoffrey Howe's measures have put economic policy back on course for rapid growth and falling unemployment from 1982.

Professor Minford's forecasting methods are controversial among economists and he has had some problems with past predictions, including one which suggested that output would show no fall in 1980. In fact, it was down by about 21 per cent.

But the existence of some formal academic support for the view that present policy will get the economy right is bound to encourage government ministers who have been battered by criticism in the past week.

The Liverpool model of the economy is relatively new and it relies heavily on a theory known as "rational expectations". This suggests that individuals will react quickly to government policies. In Professor Minford's theory they are expected to respond strongly to the present policies aimed at bringing down inflation, cutting costs and wages.

The latest forecast is based on the assumption that the Government will stick to its plan without any hint of a U-turn between now and the next general election.

If that happens, the Liverpool group believes that inflation will fall very sharply. By 1984 it is expected to be down to 3.5 per cent a year, after having been 9.5 per cent in 1981, 5.4 per cent in 1982 and 4.2 per cent in 1983.

The economy should touch

bottom round about the second quarter of this year and then start expanding. Output is expected to grow by 2.9 per cent in 1982, 2.8 per cent in 1983 and 2.7 per cent in 1984.

Unemployment, which most forecasters expect to go on rising unless the Government eases its policy, ought to come down below two million by 1984 in the view of the Liverpool group.

However, the forecast does now expect unemployment to average 2.6 million in 1982 compared to the 1.9 million which was predicted by the same model in November of last year.

Professor Minford's forecast differs markedly from those of most other economists, who foresee at best only a slow recovery in output.

David Blake



Italy denies new credit to Soviet Union

The Soviet Union has failed to obtain a new credit line from Italy after five days of discussions in Rome between deputy ministers of the two countries' economic commissions.

Italy has now accumulated a deficit on trade with the Soviet Union of more than \$3,000m (£1,340m) and Signor Edoardo Speranza, the Italian under-secretary for foreign trade and representative at the talks, urged the Russians to increase their purchases in cash.

The Italian Government would, however, be prepared to support the grant of supplier credits to Italian exporters and to extend credit facilities to the Russians for specific projects.

Australian reserves

The Australian Reserve Bank paid its gold and foreign exchange holdings rose \$523.35m to \$4,980m (£2,648.9m) in the week ended March 11 from \$4,750m the previous week.

Soviet oil find

Soviet engineers denied a Swedish report of a western Siberia oil field with overall reserves of 300,000 tons, but said output would be in the 150-ton range for at least five years.

East-West trade

The East European nations' trade deficit with Western industrial countries shrank by about 70 per cent between 1978 and 1980, according to the Economic Commission for Europe.

Imports curb threat

France could temporarily block imports of Japanese products, M. Francois Mitterrand, the official responsible for solving Franco-Japanese trade problems, told a trade journal, adding that when Japanese exports presented an obvious danger to a European industry, the EEC Commission had to invoke its safeguard clause.

General chemicals sector told to 'slim to the bare minimum'

1,000 jobs at risk in ICI division

More than 15,000 workers at ICI's Mond division, which makes general chemicals at a number of sites in the North-east and North-west of England have been told that the "limping" business must "slim to the bare minimum".

This is likely to result in the disappearance of more than 1,000 jobs this year in the division which has already seen a cut-back in its investment plans.

Mr Dick Lindsell, chairman of the division, which traditionally accounts for about one-fifth of ICI's United Kingdom turnover, told staff: "I recognize that all this gloom and doom will be causing a lot of us the deepest concern for our personal prospects, both immediately and in the longer term. But the old days are gone and so many of the old ways have to go, too."

ICI announced last month it was cutting its dividend for the first time since 1938, after trading for a loss in the second half of last year. A week later, it announced the merging of its loss-making plastics and petrochemicals divisions. This is expected to result in the loss of more

than 1,000 jobs and the closure of one divisional headquarters.

By comparison with these and other big loss-makers like the fibres division, Mond had a fair year in 1980. It is understood the division made a reasonable profit but one which was well down on budget expectations.

Last year, the division shed about 7 per cent of its workforce, or more than 1,000 jobs. Similar, or even larger cuts are likely to be needed this year, as Mr Lindsell seeks productivity improvements.

Numbers in the technical department, especially in engineering, are being reduced from 800 to about 500. Mond is also to be linked, for monitoring purposes, with the merged petrochemicals and plastics division through a heavy chemicals executive.

This may allow some integration of administrative functions, such as accounts, management services, and perhaps even distribution and marketing.

Last week's meeting of the divisional staff conference, at which Mr Lindsell gave details of the "unpalatable" measures needed, was picketed by trade unionists.

Mond has recently completed several large investment projects, and believes that it has a secure future if, through restructuring, the present difficulties can be overcome. Economies are also being looked for in energy and capital use.

Mond has its headquarters at Runcorn, Cheshire. Other business locations include Widnes, Winsford and Northwich, Cheshire, Fleetwood, Lancashire and Billingham and Wilton, on Teesside. Its difficulties in recent months have been largely those of the group as a whole: reduced demand, rising energy costs, and the relative strength of sterling.

Mond's salt and lime businesses have held up well. Soda ash has had a difficult year, and demand for chlorine has been hit by the fall in sales of chlorine-based products such as VCM, which goes into PVC.

Overall, ICI expects it could lose between 4,000 and 5,000 jobs in Britain this year against its average United Kingdom employment of 84,300 in 1980.

John Huxley

Progress on EEC insurance

From Peter Norman, Brussels, March 16

Sir Geoffrey Howe, the Chancellor of the Exchequer, today achieved his objective of giving a definite push to plans to extend the European Community to cover damage insurance business.

A draft directive to give insurance companies the right to do non-life business in EEC member states other than their own was put before finance ministers in Brussels and made good progress.

A "non-life services directive" was discussed for more than an hour. According to Mr Alfons van der Stee, the Dutch finance minister, the meeting produced some progress in reconciling the standpoints of Britain and Holland, which favour a liberal insurance regime, with the position of the other member states, whose stance has been largely responsible for the singular lack of advance towards a common insurance market in the EEC since the directive was first drafted in 1975.

The ministers today instructed the ambassadors of the 10 member states to the EEC to report back on the best ways to solve the outstanding problems.

The key issue, that of whether the supervisory authorities in a country where a risk is insured should be able to veto business, was discussed at some length.

Georgia Tech helps to found research centre in Limerick

A contract research centre is to be set up in the Irish Republic as a result of collaboration between the Irish Industrial Development Authority and Georgia Institute of Technology (Georgia Tech) in the United States.

The centre will be known as the European Research Institute of Ireland and will be based on the campus of the National Institute of Higher Education at Limerick.

The development authority will provide £1m in grants under its service industries programme, and the balance of investment required will come from a consortium of industrial and commercial companies. The non-profit centre will be managed under contract by Georgia Tech.

Scientists and engineers at the institute will be taught the entrepreneurial and marketing arts at Georgia Tech's "engineering experiment station" in Atlanta. Dr Daniel O'Neill, a senior administrator at the station and a former staff member at Limerick, will return as managing director of the new centre, in June.

Georgia Tech claims to be second among all United States universities in terms of expenditure on engineering research after Massachusetts Institute of Technology. Its engineering experiment station was founded in 1919 to promote scientific, engineering and industrial research. The station employs

Technology News

more than 1,100 people and now handles research projects in more than 30 countries.

The new Limerick centre will be modelled on the Georgia station. Its services will initially concentrate on the application of electronic technology to electronic and material processes, with a particular emphasis on alternative sources of energy.

Computer traffic control development

A computer-based road traffic control system has been ordered by West Midlands County Council to improve traffic control in Coventry.

The Split Cycle time and Offset Optimization Technique (SCOOT) has been developed jointly by a number of manufacturers in conjunction with the Department of Industry and the Ministry of Transport, and the Transport Road Research Laboratory.

The Coventry scheme is to be implemented by Ferranti Computer Systems, Manchester, one of the companies involved in the SCOOT development. The system uses software to optimize the traffic flow by computing trafficlight signal settings from data on actual traffic conditions, rather than working to fixed time-plans.

Telephones adapted for hard of hearing

British Telecom is to begin to adapt many of Britain's 77,000 public telephone kiosks over the next 18 months for use by the hard of hearing.

The earpiece of the handset will be fitted with an inductive coupler which will react with the pickup coil in the user's hearing aid. The coupler will be linked to the hearing aid by an electromagnetic loop which will work on a principle similar to that used when a voltage is "stepped up" or "stepped down" in a transformer.

In the past, hearing aid users have found making telephone calls extremely difficult because simply turning up the volume on the aid has allowed background noise to be amplified as well as speech, and if the hearing aid was allowed to rub against the handset the friction has created further noise interference.

Kenneth Owen and Bill Johnstone

LETTERS TO THE EDITOR

Governing the City of London

From the Leader of the Greater London Council

Sir, Mr Tony Banks's diatribe (March 11) against the continuation of the City Corporation as a unit of local government should be seen in context. His party is committed to the abolition of the City Corporation and of the House of Lords. Within his party there is growing pressure for the abolition of the monarchy. The objective is a grey, sombre and ostensibly "classless" society and the strategy is to knock over these institutions one by one.

This explains attacks on other institutions. The Metropolitan Police is threatened with "political control" of their activities, and already one London Borough, Lambeth, has declared itself a no-go area as far as certain aspects of policing are concerned.

The banks, the insurance companies and the building societies are all quite openly endangered by nationalization fore-shadowed in the London Labour Party manifesto for the GLC election.

These institutions have one thing in common: they are all

bulwarks of free enterprise, of freedom and of our hallowed traditions. To those who seek revolution in our society, and who must in pursuit of it cause devastation, they are all natural targets.

Yours sincerely,
HORACE CUTLER,
Leader of the Greater London Council,
The County Hall,
London, SE1 7PB.

From Mr C. Douglas Woodward, Sir, Mr Banks (March 11) has again made clear the Labour Party's intent to abolish the City of London Corporation as a separate unit of local government.

From the tenor of his letter it seems to me that he is not really interested in whether the City is "democratic" or not but that he is a master of left-wing principle, in just the same way that the Labour left are anti-House of Lords and anti-monarchy.

He gives the impression in his letter that the City Corporation is a collection of rotten boroughs. The truth of the matter, as those of us who live

and work in the City know well, is that the City Corporation is among the most efficient of local authorities with highly dedicated staff. Our own house-keeping is such that our rate demand for City services this year is among the lowest in the country.

The accusation that we are not democratic is absurd if one takes into account the fact that we elect our councillors every 12 months. Admittedly we have rather a lot of councillors for our small area but surely that is no bad thing, especially when one remembers that we are the only council in the country whose members do not receive any attendance allowance.

Compare City local government with what is going on in places like Lambeth and Camden where Mr Banks's friends preside and you perhaps can see why they look with envious and destructive eyes at the way we conduct our affairs.

Yours faithfully,
C. DOUGLAS WOODWARD,
Members' Room,
Guildhall,
London, EC2P 2EJ.

Tentacles of taxation

From Mr Terry Clements

Sir, Many years ago I was advised by an American professional poker player never to play in a house which takes a cut of every pot but to stick to games where a flat fee is charged for a seat at the table.

"When the house takes a slice off the pot every time the money circulates, the house pretty quickly ends up owning all the loot and you have to beg for the cab fare home," he said, "and that doesn't make for contented players."

Recalled his words while listening to the Chancellor of the Exchequer's Budget speech on the radio this afternoon.

The complexity of our taxation system is such that its tentacles reach out and take a slice out of every pot that we try to create; today, the Chancellor

has increased the thickness of quite a few of those slices.

Could it perhaps be that the reason why the recession is substantially worse and unemployment higher in Britain than in most other countries is that successive governments have left us insufficient money to play with? As a small businessman, I do know that our taxation system is too complicated, too full of injustices and anomalies and its weight is too oppressive. Sir Geoffrey Howe has done nothing to relieve these and, quite frankly, the obsequious he has made towards the small entrepreneur isn't worth the cab fare home.

Yours faithfully,
TERRY CLEMENTS,
36 Eaton Clements,
London W5 2ER,
March 10.

The advantages of cold washing

From Mrs Jean Skevington

Sir, I read Derek Harris's article in *The Times* today (March 3): "Black days for white goods", and am amazed that no one here seems to realize that one doesn't need heat to wash clothes perfectly well, given a purpose-made cold powder. I am fortunate in having a Philips machine with a no-heat programme and always bring back a supply of cold powder from America.

If washing machine manufacturers made a machine with a cold programme and supplied the washing powder with the machine, I think many people would be delighted to save the electricity used in heating the water. In Australia, New Zealand, as well as America, cold powders are used extensively.

Yours faithfully,
JEAN SKEVINGTON,
100 Cornwall Gardens,
London SW7.

How 1p increases cost of living

From Mrs Ian Ainsworth-Smith

Sir, Am I really the only consumer who queries this?

I have just bought 14 metres of lace seam binding at 10p per metre from a local department store (part of a well-known chain) for which I was charged 13p. Upon pointing out that the amount should in fact be 121p I was informed that the computerized tills (which are apparently fed into the central chain computer) will not cope with 1p amounts and the price is therefore rounded up to the nearest penny. The management of the store confirmed this and said (a) that I was the first customer to query this practice; and (b) that to avoid this happening again they would now be rounding all prices up before the customer sees the price tag.

Is this happening universally? If so, does not this type of action contribute to the ever increasing cost of living? Amounts of 1p may seem very tiny but they soon mount up: I can see the 1p coin fast disappearing unless something is done soon.

Yours faithfully,
JEAN M. H. AINSWORTH-SMITH,
107 West Side,
Clapham Common,
London SW4 9AZ,
March 13.

Legal Appointments

SOLICITOR London

A small but enthusiastic team would be glad to welcome a fellow solicitor of at least 5 years' standing to join them in providing a comprehensive legal service to the CIBA-GEIGY Group of Companies in the United Kingdom.

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Although the Group's headquarters are presently in London, the job entails frequent travel to other locations in the UK and occasional journeys abroad.

If you are interested, please write to me saying why, enclosing your C.V. and explaining how you believe you meet my criteria.

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Applications are invited not later than 8th May, 1981, to F. C. Yeomans, Esq., Lord Chancellor's Department, Neville House, Page Street, London SW1P 4LS. Application forms will be provided on request to that address, or by telephone to 01-211 8084.

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Interviews are on a first come, first served basis, 8:00 a.m.—6:00 p.m.

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The Trustees invite applications from dentists for a scholarship to enable them to undertake a postgraduate course in dentistry. The fund is administered by the Amalgamated Dental Company, which is a company of dentists. The fund is open to dentists who are members of the Amalgamated Dental Company. The fund is open to dentists who are members of the Amalgamated Dental Company. The fund is open to dentists who are members of the Amalgamated Dental Company.

LEGAL NOTICES

THOMAS UPHOLSTERY Limited, Notice is hereby given pursuant to Section 105 of the Companies Act 1947 that a MEETING of the Company will be held at the offices of the Company, 101, Strand, London, W.C.2, on Thursday, the 19th day of March 1981, at 10.00 a.m. for the purpose of considering and voting on the proposed reduction of the Company's share capital as set out in the notice of meeting provided for in Sections 105 and 106 of the Companies Act 1947.

Dated the 10th day of March 1981.

THOMAS FISHER, Director

NOTICE

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BY THE FINANCIAL EDITOR

Standard Chartered buys British

It is no secret that Standard Chartered wants a stronger assets base in Britain. So what better time to choose than now when British banks are gloomily contemplating the havoc wreaked by the Chancellor on their balance sheets and when their prospects seem worse than they have been for some time.

Somewhat aficionados of Standard Chartered will of course be disappointed whatever the deal. But that apart it is well-timed on the theory that one buys companies when their profits are falling. How good a deal for either party will depend on the terms which will become known today.

No two banking groups could be more dissimilar in either outlook or financial strength. The budget, for example, will affect each in completely different ways. S & C will pay only about £1m in the new windfall tax, while RBS will be lucky to get away with much less than ten times that amount.

S & C is international and spreads into some of the world's fastest growth areas such as the Far East and the American West Coast. Indeed it has sometimes been described as a Pacific Bank. Britain has been largely left out of its expansion and the price paid has been not only problems with Advanced Corporation Tax but also the lack of benefits from SSAP-15 standard on deferred tax under which other banks have been making hay with their leasing business. In its search for United Kingdom assets S & C has painfully learnt that new branches are extremely difficult to establish.

While S & C has been expanding and is still going ahead it has had to run its finances tightly. The result of expansion and the acquisition of the Union Bank of California is that the free capital ratio is a measly 1.5, if minorities are taken out and no more than 3.3 if they are included.

The reverse is the case with RBS. It is solid, local, extremely strong financially with a free capital ratio of 5.8, one of the best in the business. But its profits which last year reached £100m are likely to be down to between £80m and £90m this year and it is fully exposed to the United Kingdom economy. S & C on the other hand is likely to see its profits soar from £170m to, perhaps, as much as £230m this year.

Meanwhile, if market rumours of a one-for-four share exchange offer are right, then each RBS share would be valued at 175p compared to only 96p before the deal and 86p before the rumours. For RBS shareholders this would be attractive. Their shares stood on a p/e ratio of only 4 fully-taxed before the news, but 175p compares to assets of 220p.

Suter Mr Abell's baby

The arrival of Mr David Abell at Suter Electrical, first as a shareholder and then as chairman and chief executive at the beginning of the year, promised a substantial change in the direction for the group. That promise is now being delivered. Suter is to raise £7.7m through a rights issue to buy



Mr David Abell, Chairman of Suter Electrical

Prestcold from BL, which had been seeking a buyer for three years. It is all in keeping with Mr Abell's aspirations to run his own show, though it appears incongruous to be merging a hair-dress equipment manufacturer with £4m

sales with a commercial refrigeration and air-conditioning group whose sales are around £60m.

The underwrite offer is of five new 40p shares in Suter and £2 convertible stock at par for four ordinary shares. This represents a 25p discount on the January suspension price and is more likely to appeal to institutions than private investors.

For although the £9m purchase, which includes £4.8m worth of BL loans to Prestcold, will take Suter's assets from £450,000 to £20m, if a £5.5m property valuation surplus is included, Prestcold lost money in the first three months of this year. Last year its pre-tax loss was £400,000.

There is no profits forecast for the combined group, although the prospectus promises a 2.13p gross dividend for a 6 per cent yield on the rights price.

So the interest in the enlarged group, in which dealing is expected to start at around 50p in three weeks, is effectively an interest in Mr Abell's management abilities. The record is certainly impressive. At 38, he is a millionaire through his 17 per cent Suter holding (which will fall to about 12 per cent after the acquisition). Moreover, he left the chairmanship of BL's vehicles division after a successful spell, having started his business career as a Lord Stokes protégé.

SDRs A lop-sided market

The fledgling market in instruments denominated in Special Drawing Rights is showing every sign of taking off. International banks which had previously dismissed it as an interesting but unimportant side show are now turning their imaginations to the development of a new range of SDR financing devices.

The latest, due to come to the market soon—is a SDR 100m (about £55m) floating rate note issue for Italy's State-owned ENEL. Already this year there has been a steady flow of short-term bank Certificate of Deposit issues denominated in SDRs stimulated by the coordinated efforts of a group of seven banks to get an active market going. There have been two floating rate CD issues; one leading investment bank has begun market making in SDR CDs and brokers are showing interest. Most important of all, there has been a highly successful bank credit in SDRs for Sweden, which attracted a response well in excess of the managers' expectation.

Clearly the simplification of the currency mix making up the SDR, which took effect from January 1, has applied a stimulus to the market.

Encouraging though all of this is, to the supporters of composite currency units, the market remains lop-sided. It has the active support of some powerful investors who view it as a means of curbing currency risk and who have placed as much as SDR 3-5,000 million on deposit with the banks.

It also looks increasingly attractive to a growing number of banks. But to show its full acceptability it needs borrowers as well. Sweden and ENEL are a start and the banks are now busy stirring up interest among others, but more are needed.

The boost the market really needs is a major financing by the International Monetary Fund which draws up its accounts in SDRs. The IMF has never hitherto tapped the international market, but it may soon have no alternative, and bankers are taking it for granted that any deal would be denominated in SDRs.

Meanwhile with United States interest rates continuing to ease gently downwards, the dollar lost ground against European currencies yesterday, not least against sterling which bounced up almost two cents to just under \$2.24. How long dollar rates will continue to decline remains an open question, but so long as they do then sterling will almost certainly continue to appreciate. That, in turn, will be good news for the gilt-edged market, where longer were again buoyant yesterday and the Government Broker was able to supply more of the 1990 tag.

The latest industrial production figures on the other hand do not make such reading. Provisional estimates show a further sharp fall in output in January. As far as the February trade figures go, a smaller surplus was only to be expected after the enormous surplus in January.

Something is almost always wrong when moral propositions are argued in the name of hard economic reality. And suspicion is equally valid when perfectly ordinary economic arguments about inflation, government spending and recession are presented in terms of high morality.

Thus, despite the fact that the Prime Minister bravely fought herself and her Chancellor out of their post-Budget corner in her speech at the Mansion House last week, it is highly questionable whether the application of transplanted notions of Victorian financial rectitude will be greatly relevant to our condition in the next two or three years.

Through conventional economics is largely in important disarray, it would be nice if, between now and the next round of public spending cuts, economic problems could be discussed primarily, if not exclusively, in economic terms.

The course of events will be roughly as follows. After last night's alarms and excursions over the Budget resolutions, things will go quiet for a while. Interest may revive a little when the Finance Bill eventually goes into its committee stage, but not much at least on the economic front.

For while the Budget was stuffed full of enough work to keep accountants

and tax lawyers in business for a decade, it only impinges at a tangent on the economy. The action will begin in earnest in late June and July as the Treasury takes spending departments through the first rounds of the public spending review. By 1983-84, before everyone goes off on their summer holidays.

What they will find is that several of the major spending programmes are overrunning their cash limits by substantial amounts. They will then discover that it is totally impossible to bring spending for the year in question down to the level included in the White Paper published last week. The reason is that, after five years of almost continuous exercises in public spending cuts under Conservative governments, there is little left to cut but flesh.

At the risk of letting the needle stick in the groove, the reason why the Government faces this extended journey down a cul-de-sac is not its persistence in trying to find a one-dimensional solution to a multi-dimensional problem.

Inflation may well be a moral evil, or at least have socially undesirable consequences, but an economic policy cannot have a single aim, any more than it can have a single chosen policy instrument, if it is to have any chance of success.

Whether the Prime Minister likes it or not, there are three groups of economic policy instruments—fiscal, monetary and prices and incomes. Of these three, the influence of the third, though the weakest, is not negligible. What is certain is that the chance of any policy working is greatly reduced, if these groups of policy instruments are pulling in different directions.

Because this Government has only had eyes for the inflation rate and only been concerned with control of monetary aggregates, it has put itself in an extremely vulnerable position. In presentational terms, if it fails on its chosen narrow ground, it fails entirely.

In real terms, it forces the Government to try to promote recovery by monetary means (that is, reducing interest rates), while at the same time deflationary fiscal strategy. With fiscal strategy still pulling hard downwards, it would be astonishing if the Financial Secretary proved to be right in supposing that monetary policy will generate an even stronger push in the other direction.

As for incomes policy, while it is well known that, in common with proportional representation, the very words are anathema to the Prime Minister's presence, the fact is that a modern

government in a mixed economy with a large public sector must have at least a policy for incomes. The lesson was learned when, at the end of her first year in office, Mrs Thatcher found that Whitehall's pay bill had risen by no less than 25 per cent.

It is, therefore, not a moral issue but a practical one. Professor Michael and his Liverpool Research Group assert that inflation will fall to 5 per cent next year and 4 per cent in 1983. On present policies, they argue unemployment will peak at 24 million and begin falling in 1982. If that happens, Mrs Thatcher should be home and dry. It is good to have what might be regarded as the extreme Lawson-Liverpool forecasts on the record. My bones tell me that they are grossly optimistic.

In that case Mrs Thatcher by the summer will need an account of her economic strategy for the rest of this Parliament that accommodates the fact that inflation will not come down into low single figures, that production will not be picking up and that unemployment will still be rising steadily to three million and beyond. It would be easier if the world was kinder and that simple answers worked quickly. But experience tends to suggest that it is not.

The Royal Bank of Scotland is in merger talks. Ronald Pullen reports

Raid over the border



Lord Barber (above), chairman of Standard Chartered; and (right) Sir Michael Herries, chairman of the Royal Bank of Scotland, outside the bank's Dundas House, Edinburgh.



For a bank with such a solid reputation, Standard Chartered has an unenviable capacity to surprise the banking world every few years.

Yesterday it caught the City unawares when it announced that it was in merger talks with the Royal Bank of Scotland, a euphemism in anyone's language given that Standard Chartered's stockmarket valuation of more than £600m is some three times higher than Royal Bank's. The move marks the biggest shake-up in British banking since the mergers of the late 1960s.

There has been no shortage of speculation for the past year about Royal Bank's future. Most of this has centred on some possible rearrangement of its shareholdings in Lloyds & Scottish, a leading finance house, where Lloyds Bank has long been tipped to take on Royal Bank's stake.

It was thought that Royal Bank, which has displayed aggressive overseas ambitions in recent years, might be persuaded to give over its holding in return for Lloyds' share in Grindlays, which has extensive foreign interests.

On top of that, the Kuwait Investment Office, never slow to sniff out a prospect in the financial field, has been steadily buying shares and at present holds around 7 per cent of Royal Bank.

Whether Standard Chartered has been prompted into making its move by these rumours—particularly as both Lloyds and Royal Bank could be faced with some uncomfortable decisions in the City—has not yet been decided. In Grindlays, it is eventually successful in finding a buyer—is anyone's guess.

But there is little doubt that Standard, which likes to refer to itself as "Britain's largest independent international bank", has been changing its shape since Lord Barber, the former Chancellor of the Exchequer, took over the helm in 1974.

Running contrary to the London clearing banks which have been taking the overseas expansion route in recent years, part of Standard Chartered's central strategy now is to build up its United Kingdom base. It made its first serious acquisition in this country in 1973 when it acquired the Bank Group, a piece of regularly unfortunate timing since Hodge's finance house operations almost immediately ran into the secondary banking crisis. The shadow of Hodge has been hanging over the group ever since and only recently has it finally been expunged.

There have been other minor purchases such as Mocatta and Goldsmid, the banking dealers, the 51 per cent it did not own in Telex Standard and Chartered, the merchant bank and Wallace Brothers, another unquoted merchant bank.

Apart from a small network of about 20 offices, catering mainly for business customers, Standard Chartered has no retail base in Britain. It must have looked seriously at the handsome profits the London clearing banks have been making recently on their domestic business.

In turn that is no more than a reflection of the worldwide trend in banking which is to concentrate more on the domestic retail business rather than the international interest in national operations which have been the main thrust of banks for the last decade and which have now become less profitable and considerably riskier.

There has also been another strand in Standard's thinking over the years and that has been to reduce its exposure to South Africa. The merging of the Standard and Chartered banks in 1970 gave the combined group an uncomfortably large presence in the republic which has done nothing for the share price since South African earnings started to look risky.

Three years ago Standard Chartered joined the United Kingdom banks' assault on the

United States when it acquired Union Bancorp of California following its failure the previous year to buy another Californian bank, Bancal Tristate.

So with a diversified overseas presence in the Far East, the Pacific Basin and the United States, which has entailed a heavy financial cost involving frequent rights issues over the years, Standard Chartered now seems to have set its sights on the United Kingdom.

Certainly events over the last couple of years have given it more room to manoeuvre. Midland and International Banks—a consortium which includes the Standard and Chartered with Standard two and a half years ago. Last year the Midland itself sold its 16 per cent, most of which had been acquired from Chase Manhattan in 1975.

Without Midland to worry about, Standard Chartered will have to see what attitude Royal Bank (with its 16 per cent holding in Royal Bank) takes to this threat of increased competition at home.

That may appear remote but the old "keep off the grass" rule which kept Scottish banks in Scotland and English ones in

England, has been slowly breaking down.

In any case, Royal Bank is made up of two distinct banks, Royal Bank itself and Williams & Glyn's, which ranks number five among the clearers in England.

Royal Bank, whose chairman is Sir Michael Herries, is the product of the merger in 1968 of National Commercial Bank (which is now known as Williams and Glyn's) and the Royal Bank of Scotland. Royal Bank is the largest of the Scottish banks and while it has benefited from the buoyancy of the Scottish economy and North Sea oil, its profitability falls some way behind the London clearers.

This is because Scotland tends to have too many branches in relation to deposits. Another reason is that Scottish customers are rather fussy of playing the interest-rate game between their current and deposit accounts. Finally, there is a greater reliance on the whole-sale money markets to fund the growth in advances.

Williams & Glyn's, with 330 branches, the smallest of the British clearers, has had a slightly chequered history. The

bank is widely felt to have had greater problems than the London clearers during the secondary banking crisis because of its higher proportion of lending in the personal and financial sectors.

Indeed in the late 1970s Royal Bank's Edinburgh management quietly carried out a "cartan" revolution and many of the London bank's top management were replaced.

If Standard Chartered is successful in absorbing Royal Bank—and the approval of the Bank of England may be more important than the Monopolies Commission—it will mark a further stage in the concentration of British banking.

After the mergers of the late 1960s there has been very little tidying up left in the United Kingdom without running the gauntlet of the monopolies legislation and the Scottish banks have jealously guarded their independence until now.

It still remains to be seen whether this cosy amalgamation will be allowed to go through. After all, the big groups do not put the for sale sign up every day in Britain's hugely profitable banking parlours.

Business Diary: Nipped in the Budd • Food values

Who would have foreseen it just the day before it begins its inquiry into this year's budget, the Treasury Committee of the House of Commons has been hit by the resignation of a leading adviser, Alan Budd, director of the Centre for Economic Forecasting at the London Business School and generally regarded as the committee's token international monetarist, has written to the committee saying that he feels completely out-numbered by Keynesian advisers. Behind Budd's departure is a sense of deep disillusionment with the way the committee views its recent report on monetary policy. That report, which was heavily critical of a Government, was strongly influenced by Jeremy Bray, the MP for Motherwell. It contained a note inserted at the last minute warning that not all the advisers to the committee were prepared to accept e conditions. Although Budd is recognized one of the leaders of the international monetarist school, which is close to the Government's thinking, he makes it clear in the letter that he does not want the committee to be converted to international monetarism overnight.

He thinks that advisers could advise on the technical questions. He says that in practice they have been asked to act as advocates for a particular policy, something which he does not want to do. But there is no doubt that he has been annoyed by the only Keynesian tone adopted by most of the committee's advisers. And while we are on monetary matters, Business

Mystification and even embarrassment at British Aerospace over the mysterious aircraft model (right) which Mr and Mrs D. A. Logan of Weybridge found in a second-hand storage cupboard which Mrs Logan bought from BA's predecessors, British Aircraft Corporation.

The cupboard had no key and stood in the Logan's garage at Weybridge, Surrey, for three years until Mr Logan attacked it recently with a screwdriver and a hammer. When the door opened, the futuristic "plane" was revealed, mounted upside down on a stand in the way of aircraft companies' wind tunnel models.

So far, nobody in British Aerospace has been able to identify it, even though it incorporates some novel features, the most striking of which are wing-mounted engines which presumably survive to give vertical take-off and landing.

The "missiles" on the wings are more likely long-range fuel tanks. Could it be the design for long-range fighters, and at the time, secret fighter which, like so many other projects of the British aircraft industry since the war, never got off the ground?

Diary begs to disagree with Great George Street over the day's national holiday for the wedding on July 29 of Prince Charles and Lady Diana.

The Treasury is making the point that industry can make up the £1,000m in lost production because people will work harder, being more cheerful after the wedding and the holiday.

This ingenious notion, suggested in a recent memorandum by Nigel Lawson, Financial Secretary to the Treasury, is borne out by the productivity figures for 1977, Jubilee year. People worked much the same as before.

Fathers of brides and ladies in general are expected to get damp-eyed about weddings; not so Financial Secretaries.



Reader John Gant of Camersham was intrigued by my recent item about airlines installing better seating on jumbos. Who, he inquired, don't airlines put wings on the head cushions similar to the old-style wing armchairs? "If one tries to sleep in the present seats, one's head continually rolls off the side of the head cushions," he writes.

Well, good news for Gant—British Airways is to introduce wings of a sort in both first and club classes.

Only weeks since Robert Heller published a sponsored booklet *Food for Work*, arguing that catering plays a vital part in improving industrial relations, and on the very day of publication of the 1981 *Good Food Guide*, the Labour Research Department throws a sizable lump of overcooked spam in the works.

Their bi-monthly *Bargaining Report* conducted its own survey of canteen facilities and concluded that "a Victorian attitude of class-distinction prevails".

Culinary apartheid, it alleges, splits workers from the management sometimes excluding workers from the staff canteen even where no alternative eating place is available.

There was also a sharp dif-

ference in the length of meal breaks allowed to shopfloor and office staff. Half the workers surveyed got 30 minutes or less, while the other half got 45 minutes. A fifth had no tea breaks even if they stayed on the job. Luncheon vouchers are a perk still almost exclusively reserved to office workers.

Fixed meal allowances payable to non-management employees fall far behind the actual cost of buying meals away from work and bear no relation to the £20 head the *Good Food Guide* reckoned could be paid for "deplorable food".

The most generous fixed allowance was £8 for a main evening meal paid by Berger Paints. More typical were companies paying £1.50 or less.

I was in one of those art-crafty potters buying a present for somebody who likes that kind of thing, when I noticed a most incongruous poster which stated, without any artistic flourish at all, the penalties for shoplifting. The poster explained that he had been downstairs potting one day recently when he heard the door go in his otherwise unattended shop. He was just in time to chase and catch some boys who had run off with some of his ware. On returning with them to the shop, he caught a well-dressed old lady coming out with another lot. I think he should either move or make heavier pots.

Ross Davies

"1980 has been favourable for ROBECO investors"

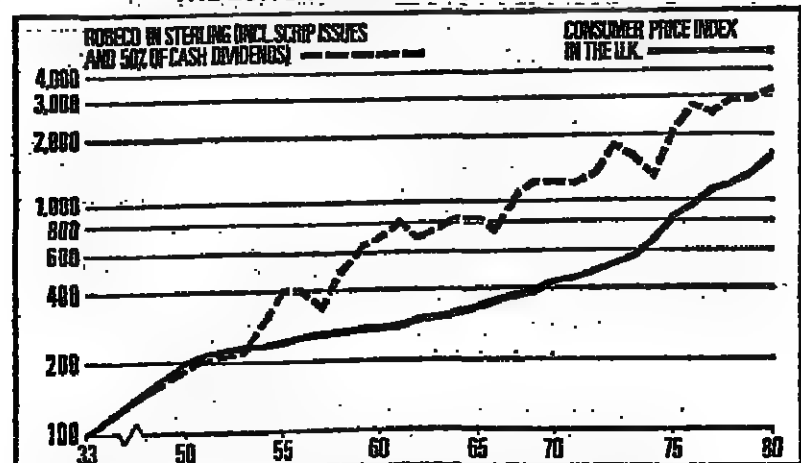
The Annual Report, just published, makes this evident.

* The cash dividend has been increased by 22% from Fls. 9 to Fls. 11 per share.

* The share price went up 27%, increasing further in 1981.

The 1980 results must be adjusted to take account of the appreciation of sterling.

THE LONG TERM GROWTH OF ROBECO



Other matters of interest in the Report include:

"A focus on France"

Investment policy

Full list of investments

Summary of purchases and sales.

Send for your copy of the Annual Report by writing to:



Dept. 351, P.O. Box 973, Rotterdam, Holland

FINANCIAL NEWS

Stock markets

Selective buying lifts electricals sector

Selective buying of electricals helped the new account to make a firm start yesterday in spite of low turnover.

Dealers complained of a subdued approach by investors unwilling to open new positions in the wake of last week's Budget proposals. One leading jobber said that the market appeared to be adopting a "wait-and-see" attitude.

Nevertheless, selective buying in a thin market and a lack of selling pressure saw prices advance across the board. Electricals were one sector particularly sensitive to the tight conditions with prices making strong headway first thing. But engineering shares were weaker as GKN tumbled 8p to 128p ahead of figures tomorrow.

The February trade figures, showing a current account surplus of £614m, were up to most expectations and provided the market with little in the way of inspiration.

However, sentiment was improved after hours by news that the Royal Bank of Scotland, whose shares had been active all morning, had been suspended 6p higher at 96p.

This was followed a little later by the suspension of Standard Chartered, 2p lower at 67p, and the announcement that the two were in talks which might lead to a merger.

Interest was then focused on Grindlays Holdings, a long time takeover favourite, which closed 20p higher at 183p, after 185p, while Bank of Scotland added 5p to 125p.

In the event, the FT Index, having been 1.4 lower at 11 am, ended at its high for the day 2.6 up at 479.8.

Government securities maintained their recent strong run

which enabled the Government broker to sell more of the new "tag" Exchequer 12½ per cent 1990 at its closing price of £151. The latest cut in United States prime rates by the Chase Manhattan and First National Bank of Chicago by ½ per cent to 17½ per cent was mostly ignored. In longer gains, between £1 and £1½ were reported while at the shorter end the rises were limited to around £1.

Leading industrials spent a neglected day although prices were usually better on balance. ICI rallied 6p to 232p, in spite of the loss of another 1,000 jobs, while Becton, hardened 4p to 165p, Unilever 3p to 483p and Fisons 5p to 133p.

The flurry of takeover activity did not extend to the four big clearers, which spent a quiet day unable to establish a price. Midland, the last of the four to announce figures, closed 5p lower at 315p, ahead of Friday's report, with Barclays shedding 14p at 381p. Lloyds advanced 3p to 308p and National Westminster finished all square at 351p.

Discount houses remained static in spite of last week's cut

in MLR, with Gillett Bros on 249p, Clive Discount on 48p, Gerard & National on 316p and Alexander on 262p, all unchanged. But in financials, Lloyds & Scottish, where Royal Bank of Scotland holds close

Saxon Oil has come from nowhere quickly. Put together less than a year ago under the sponsorship of Clyde Petroleum along with Gartmore and Electra House, Saxon has already raised £15m through its private placement and its success in last week's seventh round licences points to another cash-raising exercise soon. A quote on the unlisted securities market cannot be far away.

on 40 per cent, leap 14p to 167p on the merger news, with Bristol Evening Post the subject of an approach from Associated News, rallied a similar amount to 176p.

But in foods, Robertson Foods remained unchanged at 135p, after a circular to shareholders urging rejection of the bid from Avana 5p at 206p. Shares of Jamaica Sugar tumbled 16p to 20p on news that the Stock Exchange had decided to withdraw the quote following the closure of Mr Nicholas De Savary's offer.

Elsewhere on the takeover front, Savoy Hotel 'A' jumped 13p to 186p still reflecting the current strength of gilts.

Further developments following its rejection of the bid from Trusthouse Forte, which rose

1p to 198p after its annual meeting. Tunnel Holdings 'A' climbed 5p to 388p after rejecting the bid from T. W. Ward, up 4p at 120p amid speculation that another bidder is waiting in the wings.

In papers, BPC rose 3p to 20p, still awaiting news of the bid from Pergamon Press, while Bristol Evening Post the subject of an approach from Associated News, rallied a similar amount to 176p.

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Further developments following its rejection of the bid from Trusthouse Forte, which rose

Still benefiting from recent figures, William Collins rose 7p to 158p.

Speculative demand lifted Ellenroad Mill 5p to 17p, Negretti & Zambra 10p to 35p, Crest Nicholson 1p to 160p, and South West Consolidated 4p to 31p.

Favourable brokers' circular gave Hawley Leisure a 3p fillip at 55½p, with favourable mention helping Smiths Industries 7p at 317p, Thomas Walker 5p at 13p, Barratt Developments 4p at 202p, Meekathana 5p at 570p, Haden 8p at 232p and R. Kelvin Watson 4p at 99p.

But adverse comment about possible losses from its recent Fairway acquisition lopped 15p from S. Pearson at 206p. The resignation of its managing director, hit MFI, down 4p to 53p.

Equity turnover on March 13, was £170.57m (20.22p bargains). Active stocks yesterday, according to the Exchange Telegraph, were Sound Diffusion, Brongreen, Crest Nicholson, British Home Stores, Rascal, Hawley Leisure, GEC, W. D. & H. O. Wills, V&A, Blyvoors, Royal Bank of Scotland, Premier Cons, S. Pearson, Thorn EMI, St Helena and F. S. Gadd.

Traditional options: Dealers reported increased activity yesterday. Calls were made in 14, Turner and Newall, Massey Ferguson, Metal Box, Bunnell, Robertson Foods, Cons Gold and Bowater. A put was arranged in Brown and Jackson, and doubles completed in Thomas Northwick, FNPC, and Cons Gold.

Traded options: A total of 505 contracts were made. Cons Gold attracted 152, Courts 131, Commercial Union 14, GEC 36, BP 21, and ICI 53.

Uncertainty in industry lifts Trade Indemnity

By Richard Allen Insurance Correspondent

Increasing fear of failure in industry is giving a huge boost to business carried out at Trade Indemnity, the publicly-quoted credit insurer controlled by leading insurance companies.

The group which indemnifies policy holders against losses sustained as a result of customers failing to pay for goods and services, yesterday reported a 23.5 per cent increase in premiums written last year to £26.9m.



Mr Peter Dugdale, chairman of Trade Indemnity.

Pretax profits for the year work out 11 per cent higher at £5.2m, encouraging the group to lift the final dividend from 3.14p to 3.5p gross for a total for the year of 9.05p gross, an increase of more than 13 per cent.

The group, headed by Mr Peter Dugdale, stressed however that the 1980 profit figure includes an underwriting surplus up almost 18 per cent to £3.56m on the latest completed three-year account opened in 1978. This account benefited substantially from better trading conditions during 1978, and most of 1979, before the onset of recession.

A clearer guide to current conditions in industry is given by the 5.2 per cent drop to just over £502,000 in the group's franked investment income, reflecting the return on Trade Indemnity's equity portfolio. Interest and other income increased just 5 per cent to £1.2m.

Metalrax drops in second half

Profits of Metalrax (Holdings) the Birmingham-based engineering group, fell from £2.53m to £1.86m in 1980, with most of the fall coming in the second half. Sales rose from £21.6m to £22.7m.

Metalrax has still raised the dividend from an effective 3.24p to 3.45p gross and the shares firm 2p to 45p yesterday. The dividend was covered one-and-a-half times by current earnings. Metalrax said 1981 would be a difficult year and short-term working was the rule rather than the exception. However, the company ended 1980 with improved liquidity and net cash resources of about £400,000.

Robertson takes Avana bid to Takeover Panel

By Peter Wilson-Smith

Robertson Foods, the subject of an unwelcome £18m bid from the Cardiff-based foods group, Avana, has reported Robertson says Avana has failed to comply with certain aspects of the Takeover Code.

A hard-hitting document was issued by Avana yesterday criticising Robertson's profit record and suggesting that Robertson was forecasting an after-tax loss of £400,000 for 1980-81 if extraordinary items were included. The Avana document also said that R. Robertson shareholders do not accept the Avana offer, the Robertson shares would fall back to 97p.

A statement from Hill Samuel, merchant-bank advisers to Robertson, described the Avana document as "misleading" and pointed out that the Avana document did not carry the requisite directors' responsibility statement. This is required under Rule 14 (1) of the Takeover Code. Hill Samuel also said that Avana had not as required under the Takeover Code, repeated its own profit forecast in its latest letter.

A spokesman said these matters had been pointed out to the Takeover Panel and Hill Samuel understood that Avana would be asked "to rectify the omissions".

Hill Samuel said Avana's suggestion that Robertson had

forecast a loss after exceptional and extraordinary items of £400,000 was misleading. In fact, Robertson had forecast a pretax profit of £2.4m before extraordinary costs of £1.9m most of which relate to the completed reorganization of the James Robertson "Colly" group serves activity.

Avana, the Cardiff-based food manufacturer headed by Sir Julian Hodge launched its share takeover bid for Robertson's at the end of January. Avana offered three of its own shares for four Robertson shares which at the time value Robertson at 144p, against a market price of 139p before the offer.

The bid for a group which had twice the sales but only half the profits of Avana was immediately dismissed by Mr Christopher Robertson, the Robertson chairman. The two had been involved in talks for a week during which Robertson had said it wishes to remain independent.

Six months earlier, Robertson, was selling assets to reduce borrowings and by November had announced that pretax profits for the six months to the end of last September were down from £1.1m to £750,000.

Last week it was forecasting £2.4m profits for the year, which ends this month, compared with £2.5m last time and £2.7m two years ago.

Latest results

Company	Sales £m	Profits £m	Earnings per share	Div pence	Pay date	Year's total
Int. of Fin.	62.2(55.1)	1.62(1.74)	10.11(8.98)	2.25(2.35)	1/7	2,384(3,988)
W. Canning (F)	14.5(12.6)	3.04(2.87)	12.6(12.46)	1.35(1.00)	19/3	2,151(1,75)
Jes. Fisher (F)	—	0.04(0.05)	—	—	25/5	—
Swabu (F)	22.7(21.6)	1.86(2.53)	6.53(8.24)	1.58(1.33)	22/5	2,472(2,7)
Belyon (F)	11.8(13.04)	1.41(1.83)	14.7(11.33)	3.0(3.75)	26/5	4,8(6.0)
Sater Electrical (I)	2.9(1.55)	0.19(0.16)	1.24(0.34)	1.25(1.3)	29/5	—
Seascope (I)	3.29(2.7)	0.58(0.58)	—	—	—	—
Trade Indemnity (F)	26.9(21.8)	5.2(4.7)	36.19(32.68)	4.14(3.6)	—	6,34(5.6)
Victor (I)	6.4(4.7)	0.50(0.7)	5.7(16.4)	1.5(1.5)	10/4	14.25
Waterford (F)	15.4(13.5)	0.85(1.16)	2.39(4.43)	0.1(1.1)	—	1,5(1.5)
H. Woodward (F)	11.9(11.2)	0.3(0.4)	13.65(11.15)	1.7(1.7)	—	2,2(2.2)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.425. Profits are shown pretax and earnings are net of Irish currency.

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Announcement

1980 Results

The Directors announce that (subject to audit) the profit of The Hongkong Bank Group for the year ended 31 December 1980 was approximately HK\$1,431 million (1979 HK\$1,014 million). The profit was arrived at after providing for taxation and after making the normal transfers to inner reserves out of which provision for diminution in the value of assets has been made. Audited accounts will be published at a later date.

It is proposed to transfer HK\$150 million to the published reserves. For the reasons stated below, the Directors have declared a special interim dividend of HK\$0.47 per share in lieu of the final dividend at a total cost of HK\$523,689,972. It will be payable on 28 April 1981 to shareholders whose names are on the Register of Shareholders on 11 April 1981. These appropriations, together with the interim dividend of HK\$200,562,117 already paid, leave HK\$285,496,568 to be added to undistributed profit. The total distribution for the year will thus amount to HK\$734,252,089 (1979 HK\$512,757,260).

Properties in Hong Kong owned by the Bank and certain of its subsidiaries have been revalued on the basis of a professional valuation. This revaluation has resulted in a surplus of approximately HK\$4,400 million, which has been credited to the published reserves.

Bonus Issue

The Directors intend to recommend to shareholders at an Extraordinary General Meeting to be held on 9 April 1981 that the authorised capital of the Bank be doubled from HK\$4,000 million to HK\$8,000 million and that a bonus issue of shares be made in the proportion of one new share for every four shares held on 11 April 1981 by the capitalisation of HK\$696,396,237 from the reserve fund of which HK\$655 million will be charged to Share Premium Account. If that recommendation is approved, the reserve fund will be restored by the transfer of HK\$231,396,237 from the undistributed profits carried forward and HK\$400 million from inner reserves.

The bonus shares will not rank for the special interim dividend or for the rights issue referred to below but will rank *pari passu* with existing fully-paid shares in all other respects.

Rights Issue

The assets of The Hongkong Bank Group, both within Hong Kong and overseas, continue to increase rapidly. Although the Bank is in a very strong financial position, the Directors wish to ensure a proper balance between the assets and the capital base of the Bank. They accordingly announce that a rights issue of 167.1 million shares of HK\$2.50 each will be made to raise approximately HK\$2,005 million.

The Rights Shares will be provisionally allotted to those shareholders whose names are on the Register of Shareholders on 11 April 1981 in the proportion of three new shares for every ten existing shares then held. The issue price of HK\$12 per share will be payable as to 50 per cent (HK\$6 representing HK\$1.25 nominal value and HK\$4.75 premium per share) on acceptance not later than 5 May 1981 and the remaining 50 per cent on 22 October 1981.

Each partly-paid Rights Share will carry voting and dividend rights in proportion to the amount paid up. Partly-paid Rights Shares will, therefore, participate in the October 1981 interim dividend for the year ending 31 December 1981 as to 50 per cent of the rate applicable to the issued fully-paid shares. Subject to payment of the final call of HK\$6 per share on 22 October 1981, the Rights Shares will rank *pari passu* with the existing issued fully-paid shares and, therefore, in full for the final dividend for the year ending 31 December 1981. The Rights Shares will not rank for the bonus issue or for the special interim dividend referred to above.

The special interim dividend is of the same amount as the final dividend that the Directors would have recommended in the absence of the rights issue and is being paid in that form and before the close of the rights issue materially to assist shareholders who wish to take up their rights. For the same reason the October 1981 interim dividend will be paid on 15 October 1981 before the payment date of the final call.

The issue is being managed by Wardley Limited, Antony Gibbs & Sons Limited, and Solomon Brothers International and is fully underwritten.

It is expected that rights issue documents will be posted to shareholders on 13 April 1981.

Closing of Register of Shareholders

The Register of Shareholders of the Bank will be closed from 21 March until 11 April 1981 (both dates inclusive) for the purpose of determining the identity of shareholders entitled to the bonus issue, the rights issue and the special interim dividend. No transfer of shares may be registered during that period.

Prospects for 1981

It is expected that the level of profits in 1981 will enable the Bank to pay an interim dividend of HK\$0.20 and a final dividend of HK\$0.40 per fully-paid share on the capital as increased by the bonus and rights issues.

By Order of the Board

F. R. Frame

Secretary

Hong Kong, 10 March 1981

Victor falls 27 pc in first half

By Our Financial Staff

Pretax profits of industrial and mining equipment maker Victor Products (Wallend) fell 27 per cent in the first half to last October from the record levels at the same time last year.

In August the board said it expected a small short-term downturn in sales to the National Coal Board, but expected to offset this by a resurgence of interest in North Sea oil activities and by a determined attack on export markets. It said that overall the company had budgeted for growth in excess of price increases in the first half, and that the first quarter was on target. It expected that this would be also true of the first half.

Yesterday the group revealed that on a 40 per cent increase in turnover to £54.4m, profits dropped from £730,000 to £510,000. However, the interim dividend is unchanged at 2.142p gross. The shares fell 8p to 165p.

Mr Leslie Mann, chairman, says in a statement which accompanies the figures that while significant growth in turnover was achieved in the half year, profit margins were "considerably" reduced.

In the home market, the recession has held prices increases to levels well below those of sharply rising costs. Overseas, activity was maintained despite the strength of sterling, but only at the expense of a severe squeeze on margins," he added. He said the two small acquisitions, made in September, had no significant effect on the results.

Since October, the National Coal Board has suffered problems which have adversely affected the company. The recent announcement of Government support for coal mining is unlikely to bring much benefit in the short term, said Mr Mann.

The following are the February trade figures seasonally adjusted and corrected on a basis of 1970-71 prices for known recording errors.

	£m	Exports	Imports
1979	125.6	40.887	44.184
1980	137.7	47.276	46.198
1980	125.6	40.887	44.184
1980	137.7	47.276	46.198
1980	125.6	40.887	44.184
1980	137.7	47.276	46.198
1980	125.6	40.887	44.184
1980	137.7	47.276	46.198

The following are the unit volume index numbers for the year ending 1980, seasonally adjusted and corrected on a basis of 1970-71 prices for known recording errors.

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

The following are the figures for the volume of retail sales recorded by the Department of Trade.

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

The following are the figures for the volume of retail sales recorded by the Department of Trade.

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

Briefly

Bicknell and Sons: Board proposed a 10 per cent increase in preference shares for every eight ordinary shares, and one new preference share for every eight preferred ordinary shares.

Kwahu: Pretax profit for half year to December 31 £42,000 (£24,000). Profit low because of reduced receipts of dividends. Number of leading companies cutting their dividends is expected to result in lower earnings for year.

Granada Group's offer for preference shares of Whitley Bay are now unconditional. Ordinary offer was already unconditional. Offers remain open until March 27.

Acceptance of ordinary received in respect of 288,335 shares (£8.9 per share) and 75.4 per cent of preference.

Dundonian: Acquisition of planned savings (holdings) has been completed.

Seascope Holdings: Turnover for half year to November 30 £23.2m (£27.3m). Pretax profit £58,000 (£37,000) including interest and dividends received, £185,000 (£221,000).

C. & J. Clark: In his annual report, Mr David Clark, chairman, said that the company's sales for 1980 at £330.78m were 15 per cent up on 1979. However, profit before tax of £12.4m was 30 per cent down on 1979.

St. Piran: A 29.57 per cent stake formerly held by Hongkong-based Gascon Investments Ltd has been transferred to Dutch-based subsidiary Gasco Investments (Netherlands) BV, a company set up for tax purposes to hold the shares.

Greenbank Trust: Filley & Co has sold 30,000 shares in Greenbank Trust for associates of Greenbank.

Renold Limited: Renold Limited announces changes in its corporate structure to take effect from March 30, 1981. The company will divest itself of its trading activities and operate as a holding company. The main part of these trading activities will be transferred to a new subsidiary company, Renold Power Transmission, which will be fully responsible for its own marketing and production operations.

James Fisher and Sons: Turnover for 1980 £14.52m (£12.82m). Pretax profit £3.03m (£2.96m). Eps 12.06p (£12.46p). Dividend 2.15p net (£1.75p adjusted).

The following are the index numbers for industrial production in June, seasonally adjusted, published by the Central Statistical Office yesterday (1975=100).

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

The following are the figures for the volume of retail sales recorded by the Department of Trade.

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

The following are the figures for the volume of retail sales recorded by the Department of Trade.

	1979	1980
Volume	125.6	137.7
Imports	40.887	47.276
Exports	44.184	46.198

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Extraordinary General Meeting:

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Bank will be held in the Banking Hall of the Head Office of the Bank at 1 Queen's Road, Central, Hong Kong, at 5.00 pm, on Thursday 9 April 1981 for the purpose of considering and (if thought fit) passing the following resolutions:

ORDINARY RESOLUTIONS

1. THAT the capital of the Bank be increased from HK\$4,000 million to HK\$8,000 million by the creation of 1,600 million new shares of \$2.50 each.
2. THAT:
 - (a) it is desirable to capitalise the sum of HK\$696,396,237 from the undivided profits and reserve fund of the Bank and that accordingly the said sum be capitalised and applied in payment in full for 278,558,495 unissued shares of the Bank of HK\$2.50 each;
 - (b) such new shares, credited as paid-up, be distributed among the shareholders who on 11 April 1981 are registered shareholders of the Bank in the proportion of one new share for every four shares then held by them respectively;
 - (c) such new shares shall in all respects rank *pari passu* with the existing shares of the Bank except that they shall not rank for dividends for the year ended 31 December 1980; and
 - (d) the Board be and is hereby authorised to allot and issue such new shares for distribution in the manner and proportion aforesaid but so that shares representing fractions shall be sold and the net proceeds retained for the benefit of the Bank.

SPECIAL RESOLUTION

THAT Regulation 84 of The Hongkong and Shanghai Bank Regulations be amended so as to read as follows: "Unless and until otherwise determined by a general meeting, the number of directors shall not be less than five nor more than twenty-five."

FINANCIAL NEWS

W Canning ahead despite second-half setback

By Peter Wilson-Smith

Profits of W. Canning, the industrial holding company, fell by a third to £615,000 in the second half of 1980 as the recession began to bite. But after the strong first half, when profits nearly doubled, Canning still ended its 60th year as a public company with profits ahead by 13 per cent to £1.63m. Sales increased at the same rate to £62.2m.

Worst hit by the fall-off in demand, were the process plant operations. Two companies, W. Canning Engineering and Holyhead Engineering, made combined trading losses of £750,000 — up from £390,000 the year before. Both have been planned down and overheads reduced. The workforce at W. Canning Engineering was halved and the order book is now strong; so demand there should be no further losses. The outlook at Holyhead is less certain, but the workload is reasonable.

Canning reduced the group workforce by 425 to 1,400 during 1980 and redundancy costs

were the main item in the £321,000 extraordinary debit. The restructuring has freed properties which realized £503,000 last year and further properties, in the books at £321,000, will be sold in 1981.

These asset sales, together with savings from working capital, helped to contain borrowings which have fallen as a percentage of shareholders' funds from 56 to 37 per cent. This was before including a £897,000 surplus on property values. Interest charges also fell from £928,000 to £876,000.

The group's metal recovery, chemicals and electronic distribution companies all performed well in 1980 and the Australian subsidiary, which lost £203,000 in 1979 turned round to a £45,000 profit with the help of new management. But Canning says the prospects for United Kingdom manufacturing are gloomy with no sign of recovery from the depressed levels experienced towards the end of last year.

Because of the state of the

economy and the need to conserve cash Canning is paying an unchanged dividend of 5.68p gross. Under current cost accounting, which reduces pre-tax profits to £922,000, the dividend cover was 1.1.

Canning is proposing to change its articles of association to enable it to withhold voting rights from nominee shareholders, who will not disclose the beneficial owner. The move is a precaution against foreign predators secretly building up a stake in the company.

Canning said yesterday that there had not been any signs of nominees buying shares nor had the group had any takeover approaches.

Fairey Holdings

Mr Angus Murray was incorrectly described in yesterday's Business News as managing director of Fairey Holdings; he is in fact deputy chairman. Mr Kenneth Bacon is the group chief executive.

Review of brokers' charges due soon

By Philip Robinson

The results of the first major study in five years into the charges paid by investors to their stockbrokers should be before the full Stock Exchange Council within three months.

Since 1978—two years after the Stock Exchange last reviewed the minimum commission to be charged—the Commissions and Dealings Committee of the Exchange has been conducting surveys on levels of business, income and expenditure. The results, with a recommendation, are expected to be with the Stock Exchange before June when Mr Peter Stevens retires after three years as committee chairman.

The committee has taken a survey selecting one in every 200 bargains and a further survey monitoring 1 in 50 transactions of member firms. It has also taken the cost and income survey for 1979 and 1980 from one in five member firms.

The committee is still sifting through the survey information which is designed to give an indication of investing trends and commission, versus costs. It could be that they will eventually recommend that the system remains unchanged.

Most stockbrokers have already increased the charge to investors as minimum commissions have fallen out of line with inflation. But the decision which it is thought the Exchange will have to make is whether the minimum charges should be increased to the current level of real charges being paid by investors, or whether they should remain where they are.

The current minimum charge for a bargain worth up to £467 is 17, or 13 per cent. For an average £100,000 bargain the charge is 0.4 per cent, and for a bargain over £1.7m it is 0.125 per cent.

Waterford Glass holds dividend despite fall

The board of Waterford Glass says that the reduction in pre-tax profits from £11.6m to £11.85m for 1980 was mainly the result of the international recession. Turnover went up from £113.54m to £115.40m.

Announcing a maintained dividend of 1.51p, the board says that the group's results were not expected to be up on last year. However, the recession deepened in the second half with adverse effects on nearly every member of the group.

The board decided to hold the dividend in view of the overall strength of the company and the possibility of an improvement in the present recessionary trend during 1981.

H. Woodward down for year

Although turnover of H. Woodward & Son rose from

£11.28m to £11.97m, in the year to September 30, taxable profits dropped from £431,000 to £305,500. Earnings a share were 13.65p against 11.15p, and the dividend was held at 3.14p gross.

Group profits include an extraordinary item in respect of the surplus arising on members' voluntary liquidation of a subsidiary amounting to £28,000 net of tax.

Tangent purchase from Airfax receiver

Tangent Industries, one of the United Kingdom's largest independent and privately owned printers and related service companies, has acquired certain assets and the business of the specialist Airfax subsidiary Benchmark Design from the company's official receivers for an undisclosed cash sum.

It is the first purchase of a former Airfax asset. It was a

profitable division of that company when it was put into receivership last January.

Although Benchmark provided design consultancy for some Airfax subsidiaries, the majority of its £500,000 1980 turnover was as an outside consultant in interior, product and graphic design for clients such as Levi Strauss, Boots and Ryman.

Enserch to assist takeover inquiry

Enserch has announced that it will cooperate fully with, and present its case to, the Monopolies and Mergers Commission in connection with the commission's investigations into its proposed takeover of Davy Corporation. Enserch announced on March 3 that its proposed offer for the whole of the issued ordinary share capital of Davy had lapsed automatically on the decision of the Secretary of State for Trade to refer the pro-

posed merger to the commission. By order of the United States Federal District Court of Washington, all proceedings in a suit filed by Davy against Enserch seeking to enjoin Enserch from making the proposed offer have been stayed.

Swedish issue is new type for London

The first ever tender issue on a yield basis in Britain is being launched by Sweden. It is a £50m loan stock running to 1986 available in bearer or registered form. Half of each £100 unit is payable on application next Tuesday and half on April 22. The stock which runs to just under five years will be quoted as a short-term gilt on the Stock Exchange. Applicants will have to offer the interest rate they are prepared to accept for each loan unit. The issue is managed by Morgan Grenfell and S. G. Warburg.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Creds	14%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nor Westminster	12%
TSB	12%
Williams and Glyn's	12%

* 7 day deposit on sums of £10,000 and under 9% up to £50,000 10% above

Private placing raises £2m for computer group

The board of Spanverne Investments announces that a private placing of 1,212,000 25p ordinary shares at 165p per share has been completed by Robert Fleming and Co. in conjunction with stockbrokers, Kitkat and Aitken.

The shares have been placed with a number of UK institutions and the placing has raised £2m, including some £228,000 for certain existing shareholders. The enlarged issued share capital amounts to £1,002,295 and capitalizes the group (at the placing price) at £6.6m.

The largest subsidiary is Digico Limited which has been manufacturing a wide range of high quality minicomputers in the United Kingdom for some 15 years. Digico has enjoyed considerable expansion in recent years and expects to announce shortly a move into microcomputers.

For the year ended September 30, 1980, consolidated profit before tax of Spanverne was £310,000 on turnover of £5.5m. Net tangible assets at that date amounted to £1.25m (£2.89m adjusted for the placing).

Wereldhave raises profits by 22 pc

By Our Financial Staff

Milford Docks, the scene of many boardroom tussles over the last few years, learned yesterday that Mr Richard Eldridge, who led the group of dissenting shareholders, has consolidated his stake in the company.

Mr Eldridge, who recently won his long fight to gain representation on the board, has consolidated his stake under the private investment group, North Ambersham Investments, North Ambersham, where Mr Eldridge is the main shareholder, holds 10.7 per cent of Milford Docks and has brought together the holdings of a number of shareholders who previously acted in concert with him.

Additional investments were made in the United States and the group's total investment there is now 21 per cent.

Seltrust profit tops \$A4m

In the year to December 31 last, Seltrust Holdings' net profit reached \$A4.1m (£2.15m), compared with \$A1.06m for the first four months of its existence to December 31, 1979. Turnover rose from \$A11.41m to \$A63.52m, while other income was up from \$A728,000 to \$A2.26m. As last time, no final dividend is being paid on the ordinary shares, but a final 8.25 cents is being paid on the "Z" ordinarys; the previous dividend, for the 10 months to June 30, was 13.12 cents on the fully paid and 6.56 cents on the partly paid units.

All the "Z" stock is now fully paid. Meanwhile, Seltrust, which is based in Perth, reports that its Agnew nickel mine is still beset by problems which have led to costs exceeding the value of production. The difficulties include dilution of ore and metallurgical problems.

Seltrust noted that output from the Mount Newman mine was also hurt by a high level of industrial disruption and bad weather in the first half of the year.

The company paid no tax, as investment allowances to which it is entitled exceed the net profit.

Business appointments

Boardroom changes at Consolidated Gold Fields

Mr Anthony P. Hitchens will join the board of Consolidated Gold Fields as managing director with effect from August. Mr David O. Lloyd-Jacob, present managing director, will resume full-time responsibility for the development of Gold Fields' interests in North America.

Mr Peter D. Fells and Mr George E. J. Guise have been appointed executive directors of the company with effect from April 9.

Sir John Read, chairman of the TSB Group, has been appointed chairman of the United Dominions Trust.

Mr David Hurst has been appointed director, truck sales, for Ford of Britain.

Mr Michael Orr will join the board of Grand Metropolitan from June 1 as group finance director.

Mr Clifford J. Smith will be appointed assistant group managing director on the same date.

Mr William Samengo-Turner, chairman and chief executive of Armaco Financial Services Europe, has been appointed country manager with responsibility for Armaco's operations in the United Kingdom.

Sir Jack Rampton has been appointed to the board of London Atlantic Investment Trust.

Mr Brian G. Archer has joined the board of Lyndersay Estates, the company engaged in the redevelopment of Surrey Docks.

Mr A. E. McCormack, formally assistant managing director of the rolled products division of the British Aluminium Co, has been appointed to the new post of director of primary metal sales.

Mr H. C. Harrington, commercial director of the rolled products division, has been appointed sales director of the rolled products division with effect from April 1.

Mr Peter Stanley has joined the board of the Declan Kelly Associates Group. In addition, he has been appointed joint managing director of Kelly Homes, the house-building arm of the group.

Mr Christopher Latter has joined Brown & Jackson as group legal director.

Mr Michael Jones has been appointed steel division director, Sandvik, and joins the company's main board.

Mr Nigel Donaldson has been appointed sales director of Thomson Directories.

Mr David Small has been appointed assistant general manager, planning, at the Woolwich Equitable Building Society.

Dr Alfredo G. Mazza has been appointed international operations support.

Mr John C. Plackett has been appointed president of Duracell Europe, a division of Duracell International Inc, and managing director of Duracell Batteries. Mr Peter Schatz has been appointed vice-president of consumer and technical marketing for Duracell Europe and a director of Duracell Batteries.

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Ordinary Yearly General Meeting:

Notice is hereby given that the Ordinary Yearly General Meeting of the shareholders of the Bank will be held in the City Hall, Hong Kong, at 12 noon on Thursday 14 May 1981 to transact the following ordinary business:

1. to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors for the year ended 31 December 1980;
2. to elect Directors; and
3. to appoint Auditors and fix their remuneration

and to consider and (if thought fit) pass the following Ordinary Resolution by way of special business:

"That a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding ten per cent of the issued share capital of the Bank."

By Order of the Board
F R Frame
Secretary

Hong Kong, 10 March 1981

BUDGET CHEER FOR NATWEST PERSONAL CUSTOMERS!

Following the Chancellor's reduction of Minimum Lending Rate in the Budget, typical rates charged for NatWest personal lending services are now as shown below.

Mortgages for Home Buyers

NatWest offer mortgages of between £10,000 and £100,000. Right across this range, the same interest rate—varying directly with Base Rate—is charged. A typical annual percentage rate is 15.2%.

Home Improvement Loans

Whether you want to install central heating, build an extra room in the loft, add an extension or rewire the house, a NatWest Home Improvement Loan with monthly repayments for the agreed term of the loan could get things moving now. A typical annual percentage rate is 18.3%. Loans for purchase or improvement of property may be eligible for income tax relief on the interest.

Buying a new car

A NatWest Personal Loan with monthly repayments is a good way of buying that new car you've promised yourself. A typical annual percentage rate is 18.9%.

Other major purchases

NatWest Personal Loans can be used to purchase a wide variety of items. You know right at the outset how much you'll have to repay each month.

For full details of these and other services, including Budget Accounts and Access, talk to your local NatWest Branch Manager or write to Bryan Connors at National Westminster Bank Limited, 200 Pentonville Road, London, N1 9HL. Lending services are only available to persons aged 18 and over.

National Westminster Bank Limited

NATWEST BASE RATE DOWN TO 12% CHEAPER LOANS FOR BUSINESS AND FARMING CUSTOMERS

Following the Chancellor's reduction of Minimum Lending Rate in the Budget, NatWest has reduced its base rate by 2%. This has made the wide range of NatWest's lending services to business, industry and the farming community even more attractive.

Business Development Loans

NatWest has a special scheme to provide extended credit for growing and successful businesses, with repayments which stay the same for the agreed term of the loan. This helps considerably with forward planning for cash flow and pricing. Loans are available from £2,000 to £100,000 for up to 10 years at 7½%-9% p.a. flat. These loans may be used for specific purchases or to increase working capital.

Farm Development Loans

NatWest also has a similar special scheme to provide extended credit to farmers. These loans may be used for livestock and machinery purchases, new buildings or modernisation of existing buildings and other projects such as drainage or fertilisation.

Small Businesses

NatWest is pleased to discuss how it can help businesses to grow—even one person starting up on his/her own. NatWest will be participating in the Small Firms Loan Guarantee Scheme announced by the Chancellor.

For full details of any of NatWest's services talk to your local NatWest Branch Manager.

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black outable for holiday letting or private residences.

Box 2874 F, The Times

Salerooms and Antiques
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Sotheby's

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Sotheby's Prebent & Co., 24-25 New Bond Street,
London W1A 2AA Telephone: (01) 493 8880

Tuesday 17th March at 10.30 am
FINE CHINESE EXPORT PORCELAIN
Cat. (189 illus.) £6.50

Wednesday 18th March at 11 am
PRINTED BOOKS Cat. (211 illus.) £2

Thursday 18th March at 11 am
17th, 18th and 19th CENTURY BRITISH
PAINTINGS Cat. (214 illus.) £10

Wednesday 18th March at 11 am
JAPANESE SWORDS AND SWORD FITTINGS
Cat. (58 illus.) £2.50

Wednesday 18th March at 2.30 pm
JAPANESE PRINTS AND ILLUSTRATED
BOOKS, CHINESE AND JAPANESE DRAWINGS
AND PAINTINGS Cat. (30 illus.) £1.50

Thursday 19th March at 11 am
JEWELS Cat. (15 illus.) £1.50

Thursday 19th March at 11 am
ENGLISH AND FOREIGN SILVER AND
PLATE Cat. £1.50

Thursday 19th March at 2.30 pm
18th and 19th CENTURY BRITISH
WATERCOLOURS AND DRAWINGS
Cat. (181 illus.) £2

Monday 23rd March at 10.30 am
BONDS AND OLD SECURITIES Cat. (19 illus.) £1

Monday 23rd March and following day at 11 am
AUTOGRAPH LETTERS, LITERARY
MANUSCRIPTS AND HISTORICAL
DOCUMENTS Cat. £3.50

Other salerooms and offices: Bournemouth (0202) 2944516; Cambridge (0223) 676415; Cheltenham (0242) 510500; Edinburgh (031) 226 7201;
Glasgow (043) 221 4817; Harrogate (0423) 501466; Slane Drogheda 24401; Taunton (0823) 88441; Torquay (0803) 26277

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Sotheby's Belgravia, 10 Motcomb Street,
London SW1X 8LS Telephone: (01) 235 4311

Wednesday 18th March at 10.30 am at Belgravia, and
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Conduit Street Gallery, 26 Conduit Street, W1

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Cat. £1

Thursday 19th March at 10.30 am
ART POTTERY AND STUDIO CERAMICS
Cat. (86 illus.) £1.25

Friday 20th March at 11 am
CAMERAS, VIEWERS AND OPTICAL
AMUSEMENTS Cat. (35 illus.) 80p

Monday 23rd March at 7 pm
HIGHLY IMPORTANT VICTORIAN PAINTINGS
AND DRAWINGS Cat. (85 illus.) £10

Tuesday 24th March at 11 am
FINE VICTORIAN PAINTINGS, DRAWINGS
AND WATERCOLOURS Cat. (38 illus.) £3

Chancery Lane

115 Chancery Lane (Hodgson's Rooms),
London WC2A 1EX Telephone: (01) 405 7238

Thursday 19th March at 11 am
AMERICAN, BRITISH AND EUROPEAN
CHILDREN'S BOOKS FROM THE 18th
CENTURY TO THE PRESENT DAY
Cat. (75 illus.) £2

Chester

Sotheby's Borofoord Adams,
Booth Mansion, 28-30 Watergate Street,
Chester CH1 2NA Telephone: (0244) 315531

Wednesday 25th March at 11.30 am
COLLECTORS' ITEMS INCLUDING TOYS,
DOLLS, MODEL SHIPS, SCIENTIFIC
INSTRUMENTS, TEXTILES, MECHANICAL
MUSIC, DOMESTIC AND OFFICE EQUIPMENT
AND EPHEMERA Illus. Cat. £1

Friday 27th March at 11.30 am
EUROPEAN CERAMICS AND GLASS
Illus. Cat. £1.50

Pulborough

Sotheby's King and Chasemore, Station Road,
Pulborough, West Sussex RH10 1AJ
Telephone: (07982) 3831

Tuesday 24th March at 10.30 am and 2 pm
17th-19th CENTURY OAK FURNITURE,
METAL WORK, WORKS OF ART AND EASTERN
CARPETS AND RUGS

Wednesday 25th March at 10.30 am and 2 pm
ENGLISH AND CONTINENTAL CERAMICS,
GLASS, ORIENTAL CERAMICS AND
FURNITURE, AND EASTERN WORKS OF ART
Illus. Cat. £1.50

Catalogues may be purchased at our salerooms or by post
from Catalogue Department,
24-25 New Bond Street, London W1A 2AA

Phillips

Tuesday, 17 March 11 a.m.
FURNITURE, CARPETS AND WORKS OF ART

Tuesday, 17 March 2 p.m.
ETHNOGRAPHICAL ITEMS AND ANTIQUITIES

Wednesday, 18 March 11 a.m.
CHINESE AND JAPANESE CERAMICS AND
WORKS OF ART

Wednesday, 18 March 12 noon
PHOTOGRAPHIA

Viewing: Day prior 9 a.m.-4.30 p.m. and morning of
sale until 11 a.m. Illustrated catalogue 80p by post.

Thursday, 19 March 10 a.m.
FINE FURS including fine quality mink coats and
jackets by Direction of Executors; exceptionally
fine blackglama mink, Russian sable, and fox coats
and hats; together with every type of fur in all
price range. Viewing: Tuesday 10 a.m.-7 p.m., Wednesday 10 a.m.-
4 p.m.

Thursday, 19 March 11 a.m.
BRITISH COMMONWEALTH POSTAGE STAMPS

Friday, 20 March 11 a.m.
SILVER AND PLATE
Illustrated catalogue 75p by post.

Monday, 23 March 11 a.m.
FURNITURE, CARPETS AND OBJECTS

Monday, 23 March 11 a.m.
FINE WATERCOLOURS AND DRAWINGS
Illustrated catalogue £2.75 by post.

Tuesday, 24 March 11 a.m.
FURNITURE, CARPETS AND WORKS OF ART

Tuesday, 24 March 1.30 p.m.
FINE JEWELS
Illustrated catalogue £3 by post.

Catalogues 70p by post. London and day before sale only. Catalogue 80p by post.

7 Bloomsbury Street, New Bond Street, London, W1A 2AA. Telephone: 01-629 6602.

Sale No. 13: Important Numismatic Literature
at Quaglin's on March 18th.

Sale No. 14: English gold coins and other British coins
at Quaglin's on March 19th.

Catalogues on request.

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96 Portland Road W11

Harrods

ESTATE OFFICES

This week's

AUCTION SALES

Wednesday 18th March

CARPETS & RUGS

Antique & Modern

FURNITURE

At 4.45 a.m.

SECONDARY SALE

At 2.30 p.m.

PRINTED BOOKS

View today 9 a.m. to 4.30 p.m.

ARUNDEL TERRACE,

BARNES, S.W.13

By Hammer Smith Bridge

Tel: 748 3788/3800

Future special sale: 1st

2nd April - Carpets & Textiles

16th April - Paintings & Prints

NON-SECRETARIAL

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THE LAST EXCLUSIVE

MOTOR CAR

BRISTOL 411

MARK V

P. Reg. Blayney Mill (ap.

Grey/Green), 1900 miles.

1 owner. Ex-champ car

maintained by Bristol Motors.

Almond, elec. roof, stereo

etc. £17,500

Tel. 0452 3354 (Sussex)

XJ5 76 Automatic

Beautiful condition. M.O.T.

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Includes: stereo, electric

windows, air conditioning,

new service, £2,000 value.

From new, central locking.

Looks nearly like a new car.

Attractive car. £3,500.

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Automatic, November 1980.

Only 4,500 miles. Silver with

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Only 10,000 miles. Silver with

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